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NOVEMBER 12, 1986

A Cahners publication serving the total foodservice industry

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The Original
T.J. Cinnamons
Bakery
Gourmet Cinnamon Roll
T.J. Cinnamons
Bakery

Vol. 96 No. 23

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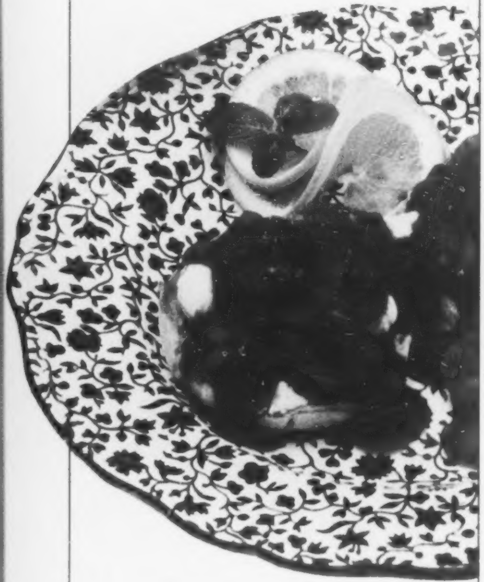

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Saga Corp. even more firmly establishes Marriott as a leader. The airline catering division is world leader in the field, servicing 150 airlines with facilities in 70 airports.

An important factor in Marriott's success has been the company's creative use of financial techniques.

Marriott claims to be the first company to do tax syndications in the hotel business. Since it began, the company has done close to a billion dollars worth of syndications, allowing it to use its own money in other ways —just another reason Marriott has become a giant in the hotel and foodservice industry.

James Nassikas is a "hotel man's hotel man," and in love with the business. And his guests are in love with the Stanford Court, for it is like no other American hotel.

Nassikas set a high standard with the 408-room hotel, completed in 1977, and can be credited with many firsts in U.S. hotels: first to have an armoire disguise the TV; first to have a towel warmer in the bathroom; first to have a tiny TV next to the wash basin.

Stanford Court is Nassikas' dream come true. Very early in life he knew he wanted a hotel of his own. He began his career at the hotel school of the University of New Hampshire. "School never meant anything to me until I began working in the vast kitchens of the university's dining rooms, waking early, baking breads, poaching eggs, frying bacon, doing practical things," he reminisces. "Suddenly my career direction became meaningful."

One of the many ways Nassikas built his hotel was to select an interior designer who had not done a hotel before: Andres Delfino. He gave Stanford Court a more residential look, lending originality, especially in the restaurant, Fournou's Ovens.

And since Nassikas knows so much about gastronomy, he is his own food and beverage director. Many critics rate the cuisine as superlative, for his perfectionism affects food as well as service. The restaurant's roasts—prepared in colorfully tiled ovens that are fueled with oak—win continual favor.

At Fournou's Ovens, regular guests even have their own private wine bins. But this original twist is hardly necessary since Nassikas' wine cellar is part of what has made him so famous and justifiably proud of the Stanford Court.

—***Jeff Weinstein***

Bill Marriott discusses desserts at a test kitchen.

■ FINANCE

Merger, Acquisition Climate Attractive

New tax laws could accelerate end-of-the-year purchases.

Most stock analysts agree that in 1987 the foodservice industry will remain attractive for takeovers and consolidations.

Analysts say a slightly depressed industry won't hold back companies looking to buy restaurant companies because stock prices are lower than last spring, while the industry environment has remained constant. Per-unit sales for 1987 are projected to rise at no more than 2%.

New tax laws could accelerate the sale of some restaurant properties before the end of 1986, says Richard Pyle, analyst for Piper, Jaffray, Hopwood in Minneapolis. The increase in the capital gains tax rate will make it more profitable for a company to sell in 1986 rather than 1987. Buyers should be able to pay more before the end of the year because when the tax rate goes up, buyers will have to compensate sellers for the tax increase.

A major stumbling block for takeover activity is going to be the uncertainty investors might have about the state of the industry relative to its growth prospects, says Jay Fairfield, analyst with A.J. Edwards, St. Louis.

"I think the industry has definitely reached a more mature phase than most people give it credit for," says Fairfield. "You can't expect major companies to grow at a 15% to 20% rate over a three- to five-year period. You'd have to see major chains going out of business, but I don't see that."

There are, however, positive effects of expected slower economic growth in 1987. Steven Rockwell, senior analyst with Alex Brown & Sons Inc. in Baltimore, expects an increase in takeover bids because of the flushing out of "dying wood" in the foodservice industry.

"One of the problems in the industry is that there has been overbuilding," says Rockwell. "If you eliminate some of the competition, that makes the market bigger and more profitable for the survivors." —***J.W.***

ACQUISITION ACTIVITY CHARTED

The following Food Institute research figures compare the number of takeovers by various industry groups for the first eight months of 1985 against the first eight months of 1986.

	1986	1985
Foodservice firms	34	37
Hotel chains	4	8
Supermarkets	27	12
Convenience stores	14	15

Source: Food Institute, Fairlawn, N.J.

1986 GROWTH CHAINS

Growth Chains Wind Up to Deliver Big Competitive Punch

—Elizabeth Faulkner, Jeff Weinstein, Howard Schlossberg, Brad Stratton and Monica Kass

Hey look them over! *R&I* presents the 1986 Growth Chains, most of them indeed fresh-out-of-clover and mortgaged up to here, waving franchise papers still moist from the signing and public offerings of "penny" stocks.

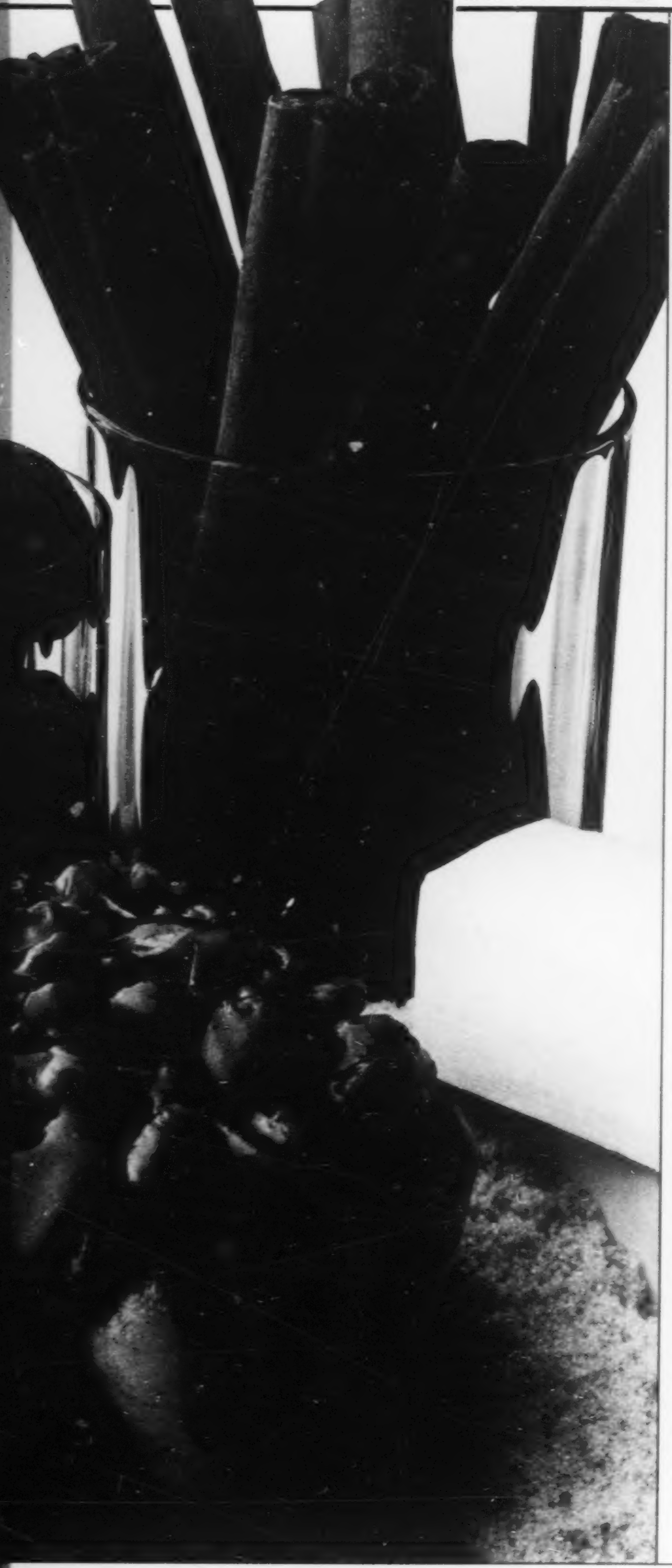
Who are these entrepreneurs, venturing into an industry others say has reached saturation? They are former chain executives—Kenneth Hill, Phil Romano, Ed Chin. They are independents bitten by the expansion bug—Arnie Morton, Ruth Fertel. And they are lawyers, teachers and television cameramen.

Growth Chains '86 is a feast for the senses. Its sights are white tile, neon blue, art deco, "nearly European"; its sounds come from the '40s, '50s and '60s. Its aromas are sweetly redolent of cinnamon or mesquite, and pungent with garlic-soy marinade. Its tastes are the bite of a black-pepper pasta, the surprise of a BLT pizza.

The nearly 90 companies that follow, chosen from hundreds of possibles, are not just a study in the workings of the American Dream, but an early-warning system for established chains and a hint of the shape of the industry to come.

The following are abbreviations used in Growth Chains PC parent company AUV average unit volume MM millions * *R&I* estimate N/A not available fy fiscal year

RESTAURANTS & INSTITUTIONS



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R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

BAKERY

Ooey-gooey cinnamon rolls are the ultimate impulse purchase.

Cinnabon World Famous Cinnamon Rolls, Seattle. 1986 sales: $3.1MM. 32 units 1/1/87. Rich Favaro, director of operations; Rich Komen, chairman.
When Favaro discusses cinnamon rolls, he talks about their "goo factor" as a true measure of quality. "A cinnamon roll should never be dry," says Favaro. "Take ours for instance. The goo-factor is really high. We put 2½ pounds of 'goo' (brown sugar, cinnamon and margarine) into 12 cinnamon rolls."

Komen opened the first Cinnabon in 1985. One year later he has opened 31 more, all company-owned. They are located in Los Angeles, San Francisco, Washington, D.C. and Chicago, and grossing $285,000 to $325,000 per unit. He projects the addition of 25 to 30 more units next year.

The tiny units, 500 and 800 square feet, are outfitted with stainless steel, marble, tile and glass for a super-clean look Favaro describes as "almost European."

Cinnabon World Famous Cinnamon Rolls

Puffs

HIGH ON THE EDGES AND FLAT IN THE MIDDLE

Golden Fresh Puffs, San Francisco. 1986 sales: $675,000. 7 units 1/1/87. Tim Ryan, president; Stanley and Michael Stern, founders. PC: Sourdough Puffs Co.
Related to the Italian *zeppoli*, Hungarian *langosh* and french *beignet*, the Golden Fresh Puff is a 5-inch-wide fried-bread disk with a dimpled center that can be filled with everything from tuna salad to fruit and custard.

Because it deep-fries quickly and appeals to a wide range of tastes, it fits perfectly into the prepared-while-you-watch food niche that's been taking mall food courts by storm.

Its creators Michael and Stanley Stern joined forces with former Magic Pan president Tim Ryan in 1984 to expand the company nationwide. The company will have seven total units operating in the Southwest by year's end.

The company is licensed to franchise in 35 states and has received commitments from multiunit franchisees for 220 units, 50 of them to open in 1987.

OLD-FASHIONED NEWBURY

Newbury Muffins Inc., Chicago. 1986 sales: $295,000. 3 units 1/1/87. Sam Davis, president.
Employees weigh, measure, mix and bake muffins each morning. Smiling senior citizens in Victorian blouses and white ruffled aprons serve them. And whatever doesn't sell by day's end is donated to a shelter for the homeless at night.

Sound old-fashioned? It's supposed to. Sam Davis wants his shops to exude the down-home goodness he's always associated with fresh baked goods.

Davis' muffins weigh between 7 and 8 ounces and range from mocha-chocolate-chip, dipped in white chocolate and topped with strawberries, to a Cajun muffin loaded with shrimp, jalapeños, cheese and cayenne pepper. Davis rotates 250 muffin varieties, serv-

PUFFS
SAN FRANCISCO SOURDOUGH

Golden Fresh Puffs

ing only eight kinds at a time. He plans to open between seven and 10 stores next year but has no plans to franchise.

BUNS 'N STUFF

Cinnamon Corner, Iowa City, Iowa. 1986 sales: $900,000. 6 units 1/1/87. Thomas Barbee, president; Norman and Martin Rich, principals.

"We knew from the start that we'd be offering more than just cinnamon rolls," Thomas Barbee says. "With the amount of competition out there, we knew the market was sure to become glutted so we've tried to keep from falling in that crevice."

Rather than count on the lasting popularity of one product, the company offers several: cinnamon buns in two sizes (6 and 8 ounces), a pecan sticky roll, six muffin varieties, a cinnamon croissant, cinnamon crisp, gelato and sorbeto. Checks average $3.25.

Currently located in predominantly middle-sized markets of Davenport, Iowa; Columbia, Mo.; and Evansville, Ind., Cinnamon Corner is expanding into larger markets: St. Louis, New Orleans, Miami, Fla. and Atlanta. "And we're close to making a deal in Minneapolis," says Barbee.

The Cinnamon Corner

WHAT A LOCATION

Zaro's Bread Basket, New York. 1986 sales: $9MM. 17 units 1/1/87. Stuart, Andy and Joseph Zaro, principals.

Stuart Zaro calls it the "busiest bake shop in New York," and he's undoubtedly right. Up to 500,000 commuters pass his shop in Grand Central Station every day. And he serves an average of 15,000 of them.

Zaro's now has seven other company-owned New York stores, eight franchised units in the suburbs (six of them built in 1986) and franchise agreements for 20 more stores in Boston, Washington, D.C., and Florida next year. Franchise fee is $30,000 with 5% royalty.

Stuart attributes Zaro's success to the quality of the goods, (bagels, breads, muffins, etc.) baked fresh daily with all natural ingredients and no preservatives. The fact that the company has been serving New York since 1935 doesn't hurt.

CINNAMON SCENTED SUCCESS

T.J. Cinnamons Ltd., Kansas City, Mo. 1986 sales: $10MM. 80 units 1/1/87. Kenneth Hill, president; Ted and Joyce Rice, co-founders.

Planning for an early retirement, Ted and Joyce Rice were trying to come up with suitable ideas for supplementary income, when they saw a man baking and selling cinnamon rolls at a state fair. After testing out various recipes the Rices produced the 4-by-4-inch half-pound handful of a roll that is now the signature item in 80 T.J. Cinnamons shops.

The Rices initially sold the buns from a 20-foot mobile bake shop that traveled to state fairs. Their first permanent bakery did so well that it attracted the attention of Kenneth Hill, then president of Gilbert/Robinson Inc.

Franchising started in September of 1985 (franchise fee is $15,000 with 5% royalty) and by the end of this year the company will include 80 franchised units and 7 company-owned stores.

T.J. Cinnamons Ltd.

R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

ORIENTAL

Most honorable entrepreneurs find success woked-to-order.

TO WANG WITH LOVE

Master Wang's, Springfield, Mo. Projected 1986 sales: $1.5MM. 8 units 1/1/87. Clifford Beauchamp, president.

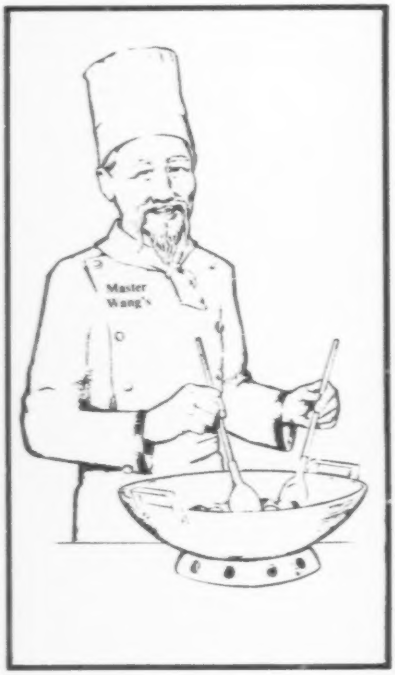
Just like raising a child, Cliff Beauchamp says, raising his business requires a lot of tender loving care.

Now in its 12th year, Master Wang's puts most of its TLC into the specialty of the house, cashew chicken. The menu also features green-pepper steak, shrimp, beef and pork fried rice, crab rangoon and freshly made egg rolls.

The Springfield, Mo., area is home to 36 Chinese fast-food concerns. Beauchamp says his competitive edge stems from his management style and preparation technique. The units have no microwaves and everything is cooked fresh.

The heavy competition also has resulted in an aggressive marketing campaign, which resulted in a 40% increase in sales last year.

The initial franchise fee for a Master Wang's is $10,000 with 4% royalty. Initial investment ranges from $60,375 to $65,425.



Master Wang's

BELLE SENSITIVE TO BELLES

China Belle, Dallas. Projected 1986 sales: $975,000. 6 units 1/1/87. Norman Shum, founder and CEO.

Sensitivity to consumer needs and the flexibility to cater to those needs quickly is how Norman Shum created the success of China Belle restaurants located in regional shopping malls in Dallas, Houston and Tulsa.

The fast-service, takeout chain has targeted as its customers females between 19 and 45 years old with an income of more than $22,000.

Shum's menu includes small portions because he feels women consider Chinese food light fare. Combination dinners allow for the selection of six specialty items from sweet-and-sour dishes to pepper beef. Popular snack items are won ton and egg rolls. Average check is $4.34.

Shum is planning expansion into strip centers. He is not franchising, but is considering an owner-operated joint partnership program.

China Belle

RICKSHA XPRESS.
YOUR PLACE OR OURS...

RICKSHA TO THE RESCUE

Ricksha Xpress, Tempe, Ariz. Projected 1986 sales: $1MM. 3 units 1/1/87. Ed Chin, president.

Imagine a motorized ricksha pulling a pagoda-shaped trailer. It pulls up to a college campus. The sides of the trailer slide down. And there you have it—a Chinese restaurant on wheels.

Ed Chin, developer of Oriental restaurants, including Benihana of Tokyo, is bringing his unique dream of Chinese fast food to reality for the first time.

Delivery of upscale menu items is expected to account for 70% of the business. A separate fast-food menu will cater to walk-in business. Checks at the stores range from $2.50-$6. Delivery and catering checks will range between $8-$20.

Ricksha Inc.'s penny stock jumped to 75 cents in September when Chin called for 40 unit openings in 1987. The franchise fee is $50,000 with 6% royalty.

STICKING TO BASICS

House of Yakitori Japanese Restaurant, Colorado Springs. Projected 1986 sales: $1.9MM. 6 units 1/1/87. Rick Reamer, president. PC: 3-Y Corp.

YAK-I-TOR-I (yak-i-TOR-E) n., Japanese. 1. Barbecued chicken skewered on a stick cooked over an open grill and basted with a thick, tasty sauce (soy, sugar, garlic, spices). 2. Traditional Japanese food originally sold by pushcart vendors, later in small specialty restaurants. 3. HOUSE OF, competitive chain of franchised restaurants offering fast, friendly service at a moderate price.

Since it converted an old Winchell's doughnut shop in 1980, 3-Y Corp. now owns two and franchises four operations with plans to franchise 10 more units in 1987. The franchise fee is $18,500 with 6% royalty.

House of Yakitori

Mark Pi's China Gate

HIS ROYAL NOODLES

Mark Pi's China Gate, Hilliard, Ohio. Projected 1986 sales: $22MM. 27 units 1/1/87. Mark Pi, president and CEO.

Holder of the Guinness world record for ancient Chinese-noodle making, Mark Pi turns out dishes once served to Chinese royalty and seasons them to fit Midwest taste buds.

The China Gate caters to the 30-and-over female and everyone in the 50-and-over crowd. Pi does not use monosodium glutamate in his food and adheres to American Heart Association creative cuisine techniques—low salt, low cholesterol.

Since China Gate's inception in 1981, most new units have been scattered throughout Ohio, with one in Michigan and one in Indianapolis. Pi forms a partnership with each new owner with the option to buy.

Wonton Express

WONTON, AND DON'T MAKE IT SNAPPY

Wonton Express, San Antonio. Projected 1986 sales: $2MM. 5 units 1/1/87. Roger Harvin, president.

Pricing itself below the competition is *the* strategy at newly formed Wonton Express.

Don't expect a snappy motto or a coupon battle from the management team led by President Roger Harvin, who took Church's Fried Chicken through its greatest growth period. Harvin took Church's simple strategy with him to Wonton Express—more product at a lower price.

The Chinese wok is the centerpiece for Wonton's food preparation, which balances the delicacy of quick-fry cooking to order with the demands of fast-service food customers. Americanized recipe favorites include lemon chicken, egg roll and won ton. Average check is $4.52.

Franchising will begin in May 1987 at a $15,000 fee and 4% royalty. The company expects to franchise six units and open 10 to 15 company-owned restaurants in 1987.

continued on page 42

R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

SANDWICHES

Sub shops surface with desserts and salads on their menus.

A DOM BIG DEAL

Big Dom's, Albany, N.Y. Projected 1986 sales: $2.5MM. 11 units 1/1/87. Dominic Basile Jr., chairman and CEO; Joseph Basile, president.

Big Dom's took over the once-venerable Albany institution Walt's Subs in the '70s and now plans growth. Eight units will be added in 1987, and the company also will begin franchising. All units are currently in metro Albany.

Beyond subs, the menu includes made-on-premises ice cream and yogurt. The most-popular sandwiches are the Philly and the hot meatball. In all, the menu includes 80 sandwiches, hard and soft ice cream, sundaes, milkshakes, cakes, frozen tofu and soft-freeze fruit confections.

AN ORIGINAL
Big Dom's
SUBMARINE SANDWICH SHOP

Most units have no seating and handle primarily takeout business. Delivery is offered on orders of 10 sandwiches or more. One unit with 60 seats has been the highest-grossing in the chain since its opening. Big Dom's is planning to build more units based on that design.

Bubba's
BREAKAWAY

THE NITTANY LION

Bubba's Breakaway, State College, Pa. Fiscal 1986 sales (7/31/86): $9MM. 40 units 1/1/87. Anthony Wedo, president.

Penn State grad Wedo stayed on campus after graduation to deliver subs and sandwiches to the student body. Now he is going to build 150 stores in five states during the next five years.

Bubba's menu includes subs, sandwiches, bagels, soups, salads and pirogis (of Polish origin; cheese and potato stuffed into a dumpling shell).

Founded in 1981, the company had 18 franchised units as of September, two company-owned. The franchise fee is $75,000. Wedo says he probably will go public eventually.

Bubba's speeding grandma logo illustrates its 29-minute guaranteed delivery offer. Business is 80% delivery. Only a few units have seats.

CAN'T GET ENOUGH OF THAT

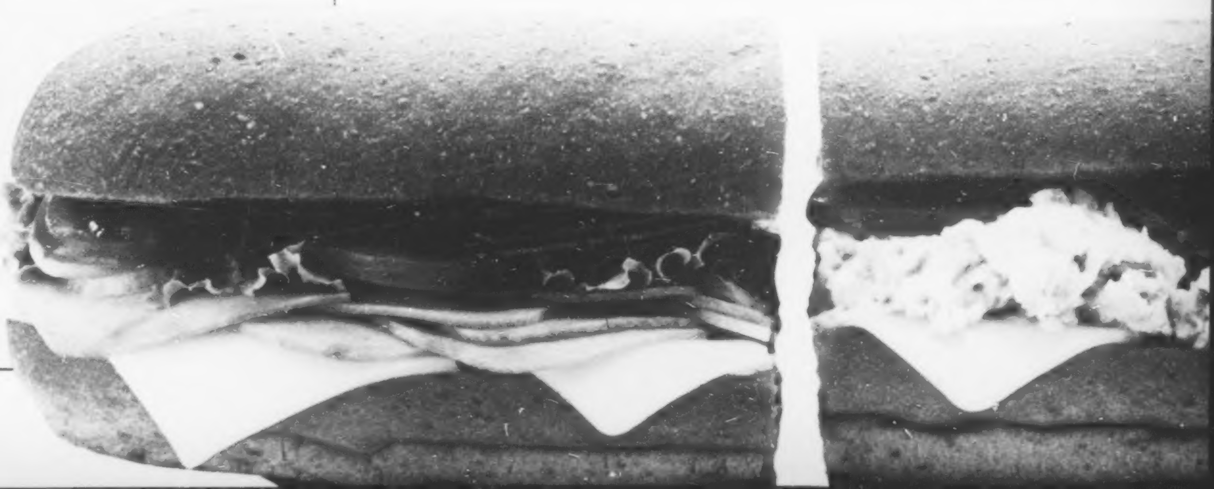
Sub & Stuff, Hutchinson, Kan. Projected 1986 sales: $11.25MM. 25 units 1/1/87. Louis Stoico, president.

Sub & Stuff specializes in Philadelphia Steak sandwiches, plus The Original—its signature sub sandwich. A 300-square-foot dessert bar serves frozen yogurt and ice cream with candy-bar toppings.

Business breaks out 45% drive-thru, 45% eat in and 10% carryout. Newer units seat 60 and do $450,000 in annual sales. Average check is $3.75.

Switching gears, the company will add more seating and drive-thrus to

Sub & Stuff



push traffic. "Can't Get Enough" is the firm's marketing slogan.

With 13 units franchised, Sub & Stuff is looking to expand beyond its Midwest markets. The 9-year-old company won't seek a public offering yet, but rather second-tier financing in the form of venture capital.

the sandwich factory inc.

FACTORY LINE

Sandwich Factory, Edina, Minn. Projected 1986 sales: $2.5MM. 6 units 1/1/87. Daniel Borden, president.

The "Factory" cranks out $500,000 average unit volumes with an average check of $4. Its menu includes subs, soups and salads. Its concept is self-serve, grocery-store style (multiple cash registers), with takeout and delivery offered. That works well, says Borden, in Sandwich Factory's principal locations at office and industrial-park complexes. The company has no mall locations.

Quizno's
CLASSIC SUBS

No franchising is planned yet for the 6-year-old concept. All units now are in the greater Minneapolis area, but Chicago is on the drawing board. Borden, just 28, wants to expand company-owned operations first before considering franchising or a public offering.

So far, he has expanded cautiously. After the initial store opened in 1980, a second did not open until the first turned profitable in 1982. Nos. 3 and 4 did not open until 1985. Now a slightly more-rapid expansion rate is planned.

THAT QUIZ-EE FEELING

Quizno's Classic Subs, Denver. Projected 1986 sales: $6.3MM. 22 units 1/1/87. Todd Disner, president

Quizno's is breaking away from the submarine sandwich shop traditional walk-up image with free-standing stores, or what Disner calls "shoppettes," 2,400-square-foot units. One unit has a drive-thru.

The Italian sub, on the company's specially made French bread, is Quizno's No. 1 seller. The menu includes 16 sandwich varieties, three soups and three salads. Founded in 1980, the company has 10 franchised units. The average check is $4.52. New-look units seat 74 patrons. Two units are testing alcoholic beverage service to see if it improves dinner sales.

Moving out of Colorado, Quizno's has targeted Florida, Chicago, Texas, California and New Mexico for both company and franchisee expansion.

VERY MERRY JERRY'S

Jerry's Sub Shops, Gaithersburg, Md. Fiscal 1986 sales: $28MM. 55 units 3/31/86. Adam Schwartz, CEO; Dave Terzian, COO.

Jerry's is on a roll, figuratively and literally. The chain has been growing nicely and recently acquired Jack's gourmet specialty shops in Maryland.

The Steak and Cheese sandwich is the No. 1 seller on a menu that offers a seafood salad sandwich as well as pizza. The 32-year-old company does heavy traffic in takeout trade.

With 53 units currently franchised in markets up and down the Eastern seaboard, Jerry's is planning to add 250 stores during the next five years, both free-standing and mall locations.

One of Jerry's strengths is its flexibility. The company operates successful 500-square-foot mall locations as well as 3,000- to 5,000-square-foot free-standing units.

Average unit volume is $520,000; average check is $4.80. Alcoholic beverages account for 10% of sales.

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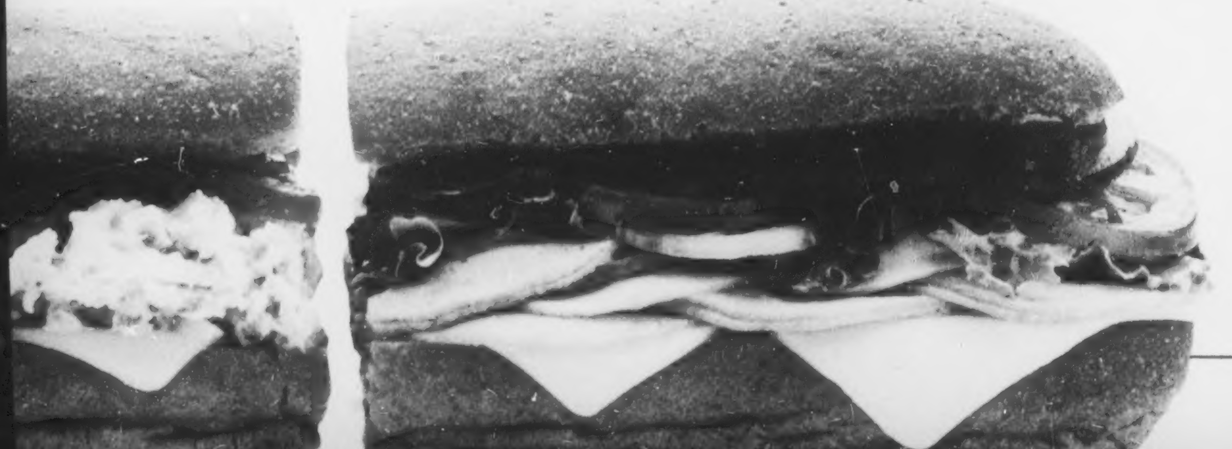
Jerry's
Famous Over Stuffed
Subs & Pizza
Since 1954



R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

MEXICAN

Operators put their pesos on South-of-the-Border success.

ONE GOOD PAPA BEGETS ANOTHER

Papi's Taco's al Carbon, Riverside, Calif. 1986 sales: 1.3MM. 6 units 1/1/87. Christ Manes, president.

Inspiration for this chain, founded in 1982, was a small mom-and-pop Mexican cafe in East LA. Papi's menu, like that cafe's, features charbroiled steak served in two soft-steamed tortillas, plus a variety of marinated pork, chicken, vegetarian and egg dishes and a Mexican-style sandwich called a torta. Beverages include the Mexican natural drinks Tamarindo, Horchata and Jamaica.

To Papi's credit, prices for the food have not changed much since the first unit opened in 1982 (checks average about $5.) "We are trying to develop a fast-food restaurant with gourmet food," Manes says. "We don't cook with lard; instead we use peanut oil and cottonseed oil. There are no preservatives in the food."

The company is building a commissary in Riverside to service both the existing Riverside units and another six units which are scheduled to be completed in Orange County next year.

Alfonso's Mexican Restaurants

Papis
Tacos al Carbón

SAN ANTONIO FONZ

Alfonso's Mexican Restaurants, San Antonio. 1986 sales: $9.5MM. 12 units 1/1/87. John Burke, president and CEO.

Burke and his wife Diane started this chain in 1981 with $40,000 and some favorite recipes. They located it in a vacant hamburger stand on some family property. Since then the company has expanded to include 11 fast-food units in San Antonio and one full-service restaurant called Casa Flamingo's, in Austin.

Burke says Alfonso's low prices ($3.50 check average) can be attributed to the company's central commissary system. With the exception of items such as fajitas, guacamole and flour tortillas, food is prepared at a commissary and delivered fresh each morning.

Before Alfonso's, Burke, who is the son of the late San Antonio City Councilman E.J. Burke Jr., worked for his family's real estate development firm. He says the expertise he acquired has been useful in finding choice locations for his restaurants.

Although he has no plans to franchise, Burke plans to continue expanding company-owned units in the San Antonio market. Look for up to eight more next year. AUV: $1MM.

LITTLE ROCK'S LITTLE MEXICO or HEAP S OF FAJITAS

Mexico Chiquito's; Chiquito's Mex-to-go, North Little Rock, Ark. 1986 sales: $7MM. 7 units 1/1/87. Jerry Haynie, president.

Mesquite-grilled fajitas sold by the

CHIQUITO'S
MEX·TO·GO

DOS·HOMBRES

pound and half-pound account for 15% to 20% of the company's total food sales. That's a lot of fajitas.

Restaurant owner Haynie, a franchisee with 16 Kentucky Fried Chicken stores in Central Arkansas, bought the original Mexico Chiquito's (est. 1935) in 1979 when he saw great growth potential in the area for a Mexican food chain.

He spent the next several year's expanding the restaurant's good reputation with an additional two full-service units before opening his first fast-food unit, Chiquito's Mex-to-go, in 1983. Fast-food AUV: $750,000. Full-service AUV: $4MM.

Since then Haynie has added three more Mex-to-go's in the Little Rock area and has plans for an additional three in the next year.

JUST A COUPLE'A REGULAR GUYS

Dos Hombres, Kansas City, Mo. 1986 sales: $6MM. 6 units 1/1/87. Doc Miles, chairman and CEO, R.J. Samuels, COO.

"We're from Kansas City, so we have an interest in building a strong business here," says Miles. And it looks as if he is succeeding.

Miles, along with Samuels (yep, that makes *dos hombres*) started the restaurant in 1980 because "Mexican was a really hot concept then." It apparently is still hot enough: AUV is $1MM. The team plans to open an additional three restaurants next year.

Miles attributes some of the chain's success to the large and colorful back bars that many of his units feature, crowded with between 400 and 500 liquor bottles each. "It's entertaining for the customer to see all of the bottles," says Miles, "and it helps business." Liquor sales account for about 35% of sales. Average check is $7.

In addition to the five company-owned units in Missouri, Dos Hombres also has one unit in the college town of Lawrence, Kan. The company has no plans to franchise, but wants to license the Dos Hombres name to sell products institutionally or through retail outlets.

'PESO LITTLE, GET SO MUCH!'

Taco Mayo Franchise Systems Inc., Oklahoma City, Okla. 1986 sales: $13.5MM. 50 units 1/1/87. Randy Earhart, president.

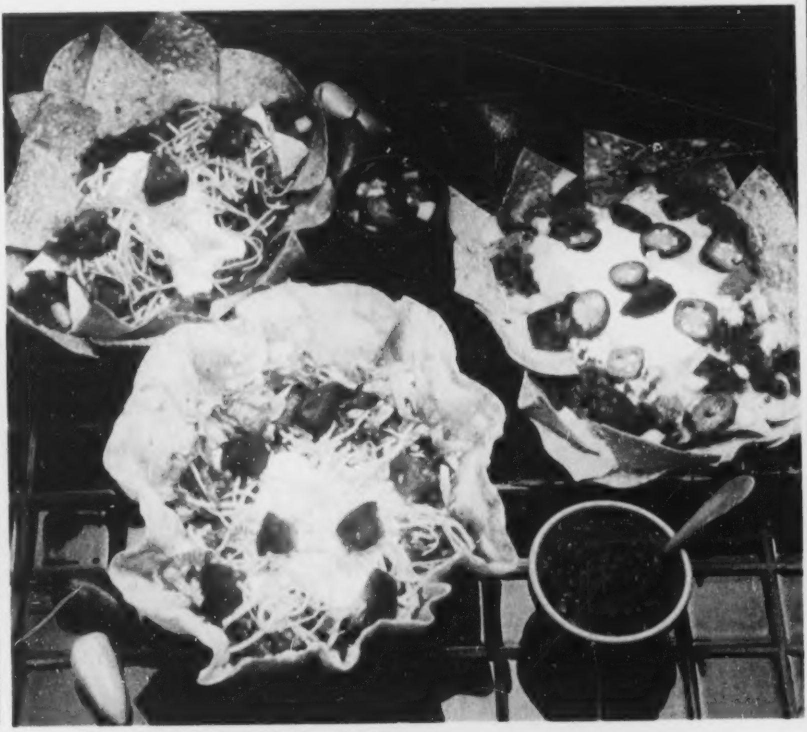
Selling well over a million and a half tacos a month at 39 cents each, Taco Mayo could very well be the "White Castle of the Mexican food industry," as Earhart suggests. Founded in 1978, the company has been selling the full-size (6½-inch shell; 3¾-ounce weight) 39 cent tacos since 1981.

Earhart says the tacos account for 25% of sales (not bad when you consider their price) and have started a series of "taco price wars" between competing taco stores. According to Earhart, at least two other taco chains in the Oklahoma City area had their taco prices within range of Taco Mayo's for a while, "but they didn't keep them there," he says.

Most of the company's 50 units (22 company-owned; 28 franchised) are housed in buildings formerly occupied by other fast-food tenants. The first ground-up Taco Mayo prototype—a 2,055-square-foot building with light stucco exterior, arched windows and Mexican tile roof—was built in August 1985.

All company units are located within the Oklahoma City area. Franchisees are in Oklahoma, Texas, Arkansas and Missouri. Look for an additional eight company units and 16 franchised next year.

Taco Mayo



■ 1986 GROWTH CHAINS

MEXICAN

Yanqui *si! Mexico si! There's room for everyone as independents become chains.*

OLD-WEST MEX

Tumbleweed Mexican Foods, Louisville, Ky. 1986 sales: $9MM. 8 units 1/1/87. George Keller, president.

Since Keller introduced mesquite grills into his stores, the American side of his restaurant's Tex-Mex mix has been selling better. That's fine with Keller, who says Tumbleweed is supposed to have an Old West feel.

Stores are designed to look like Old West saloons with false-front building façades and waitresses decked out in hats and Western garb.

The company now includes four company-owned and four franchised units, all in Kentucky. Keller plans for one more company-owned store next year.

Jose Pepper's

LET'S SLOW IT DOWN A BIT

Tia Zia, Norfolk, Neb. 1986 sales: $1.5MM. 5 units 1/1/87. R.F. Drummond, president. PC: T.D.S. Inc.

Born out of the Taco Del Sol fast-food concept, full-service Tia Zia was developed to expand the chain's appeal. "We found ourselves with customers, such as businessmen, who wanted a more relaxed atmosphere," says Drummond.

Tia Zia shares Taco del Sol's menu, but expands on it a bit, including more fried foods—chimichangas, fried ice cream and the like—and liquor. An average check runs $6.25. AUV: $255,000.

ONE HOT LITTLE PEPPER

Jose Pepper's, Seattle. 1986 sales: $2.4MM. 4 units 1/1/87. Ray Caldwell, owner.

Seattle's Mexican-fast-food fans will be happy to know in addition to the four well-patronized Pepper's there already, five are in various stages of completion and six more are scheduled to be built next year. But Seattle is going to have to share its blessings. Caldwell says the company's franchise circular and offering were just processed for Washington and California.

The tiled, multilevel units are decorated in earth tones with red and green accents. Exhibition grills allow customers to watch preparation of the food—mainly chicken, ribs and Mexican specialties.

Caldwell's trademarked "Mugarita" is a margarita made with wine instead of tequila. Making the drink with wine rather than tequila allows Caldwell to operate with a license for just beer and wine, rather than a full liquor license, which means he will be able to expand into more areas of the States than a full license would allow.

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R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

DESSERTS

Sweetness and light . . . on the calories that is.

LIGHTS, ACTION, YOGURT

Penguin's Place Frozen Yogurt, Thousand Oaks, Calif. Projected 1986 sales: $20MM. 85 units 1/1/87. Bill Hawfield, president.

Theater with the right combination of atmosphere best describes Penguin's Place. That is the whole idea behind the concept of this fast-growing chain.

The atmosphere is upbeat with bright lighting and contemporary music to give customers the feeling it is their store.

People are Penguin's Place favorite marketing tool. The All-American-looking store gets involved with the community. "People Night" sends 20% of proceeds to charity. A school merit program rewards good students with Penguin's gift certificates.

The company is targeting 100 new franchises for 1987. The franchise fee is $25,000 with 4% royalty and a 4% advertising fund contribution.

Penguin's Place Frozen Yogurt

MARBLE SLAB CREAMERY

CONE-ISSEURS BUY THE SLAB

Marble Slab Creamery, Houston. Projected 1986 sales: $3.1MM. 25 units 1/1/87. Ron Hanmaker, president.

Super-premium ice cream brands—which contain more butterfat and less air than traditional ice creams—are the fastest growing segment of the frozen dessert market.

That is what Ron Hanmaker was banking on when he bought out Marble Slab Creameries in April 1986. He is selling freshness and quality, starting with 12 ice creams made fresh daily.

Marble Slab units have a unique, refrigerated slab of marble kept at 10F, on which the ice cream is combined with selected mix-ins. The cold slab keeps the ice cream firm. In addition to traditional ice cream parlor favorites, cone-isseurs at Marble Slab can concoct approximately 8,428 different combinations of toppings and cones without repeating any.

Hanmaker has franchised 23 units, mainly in southern and central Texas. He plans to add 15 more in 1987, charging a $19,000 franchise fee with 5% royalty the first year and 6% thereafter.

START SPREADING THE YOGURT

I Love Yogurt, Dallas. Projected 1986 sales: $2.5MM. 12 units 1/1/87. Jeff Frankel, president.

With planned addition of 50 units in 1987, I Love Yogurt is spreading faster than melted you-know-what.

The flavors at I Love Yogurt are mild, creamy and impossible to distinguish from ice cream, according to Frankel. He says his formula for 22 flavors does not leave an after-taste or heavy feeling.

Frankel draws a good lunch crowd by serving light sandwiches, salads, fruit plates, frozen yogurt drinks and fresh-baked cookies.

Frankel is planning to go public this winter and franchise throughout the Southwest. As of September, he already had 600 requests on file. He will charge a first-unit franchise fee of $17,500 with 4% royalty. The fee for three or more subsequent units will be $12,500 each.

MORE THAN JUST ICE CREAM

Gorin's Homemade Ice Cream & Sandwiches, Avondale Estates, Ga. Projected 1986 sales: $7.5MM. 31 units 1/1/87. Steve Gorin, president.

Gorin's is a gourmet ice cream store becoming famous for its chicken salad.

While many frozen dessert shops are concentrating only on dessert, Gorin's has become increasingly famous and profitable during the past two years because of its fast-serve sandwiches.

An extensive lunch menu includes grilled sandwiches, salads, homemade quiche and submarines—all baked on-site and served to order within two or three minutes.

But it is the 4,000 gallons of ice cream made each week that have led to Gorin's success. With plans to open 10 more stores in 1987, Gorin also supplies 30 restaurants in the Atlanta area.

For franchisees that approach Gorin with the initiative and ambition, the price is $12,500 with 5% royalty.

Gorin's Homemade Ice Cream & Sandwiches

I FOUND MY THRILL

Strawberry Hill Ice Cream, Indianapolis. Projected 1986 sales: $850,000. 3 units 1/1/87. Andy and Cindy Baldauf, owners.

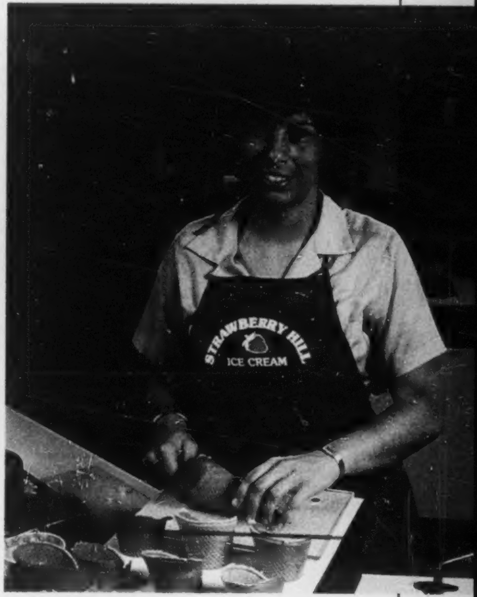
Old-fashioned ice cream and old-fashioned hard work are the secrets to success for this ice-cream-loving husband and wife team.

By working a 60- to 80-hour week, the Baldaufs tapped into the Indianapolis market when homemade ice cream parlors were unknown. They say they were the first in town to introduce mix-in flavors and offer both cones and ice cream made on the premises. Windows allow the customers to watch the ice cream being made.

Double Rainbow ®

The Baldaufs are sticklers for quality, and everything is made from scratch. About 65 ice cream varieties are made from 250 flavors. They buy from more than 60 suppliers to get the best, using imported Dutch chocolate and paying $65 a gallon for vanilla flavoring.

The Baldaufs keep in constant contact with customers. They offer free samples, distribute business cards as coupon discounts and encourage suggestions.



Strawberry Hill Ice Cream

There have been 300 requests for franchises. Franchising will start next spring.

PARTNERS PAINT THEIR RAINBOW

Double Rainbow Gourmet Ice Cream Stores, San Francisco. Projected 1986 sales: $4MM. 25 units 1/1/87. Steve Fink, CEO; Michael Sachar, president.

CEO Steve Fink says "sweat equity" has done the most to nurture the success of Double Rainbow Gourmet Ice Cream Stores. Friends since age 8, the partners have sweated every detail and every buyout attempt for 10 years. Their reward has been critical acclaim up and down the West Coast and across the country for having the best ice cream money can buy. "We make our ice cream with our taste buds, not a machine," says Fink.

The "dessert cafe" does a big nighttime business as an alternative to bars and restaurants, serving cappuccino, espresso and the finest cakes available. The ice cream also is sold to 100 restaurants and in supermarkets.

Franchising since 1983, Fink and Sachar plan to add 20 units in 1987. Franchise fee is $25,000 with 1% royalties.

■ 1986 GROWTH CHAINS

DESSERTS

The sweet things in life are . . . over on franchise row.

Tippin's Restaurants Inc.

TIPPIN'S TOPPINS

Tippin's Restaurant and Pie Pantry, Kansas City, Mo. 1986 sales: $25MM. 14 units 1/1/87. Jim Kerwin president; Gary Guzzo, v.p. operations. PC: Tippin's Restaurants Inc.

Jim Kerwin can't seem to stay away from pies. He was the original founder of Poppin Fresh Pies (now Baker's Square) which he sold to Pillsbury in 1976 and ran until 1977. Since 1980, he has been pouring new energy and pie fillings into a place called Tippin's (formerly Pippins.)

Although there are many similarities between (the former) Poppin Fresh and Tippin's, Kerwin says Tippin's is slightly more upscale and has a broader menu and larger seating capacity.

Next year the company plans to build two more restaurants in the St. Louis area and might add one more in Dallas. Kerwin also expects to go into the Chicago area in the next 18 months.

Ma Martin's Inc.

BCC OK BY ME

Blue Chip Cookies Inc., San Francisco. 1986 sales: $8MM. 35 units 1/1/87. Matt Nader, president; Lori Nader, concept development.

"Your teeth itch just thinking about them," says the *San Francisco Examiner* describing the puddles of white chocolate chunks and macadamia nuts that fill the most popular variety of cookie at Blue Chip. But the more than a dozen other varieties of cookies are selling well, too: In two years time the company expanded from two stores to 35, and 15 more stores will open next year.

The 15 company-owned units are located in Northern and Central California. Franchised units have spread through California, Colorado, Arizona, Minnesota, Texas and Ohio and will be going into Illinois, Florida, Montana and the East Coast next year. Franchise fee is $33,000 with 6% royalty. AUV: $300,000.

IT ALL STARTED WITH A FUDGIE . . .

Ma Martin's Inc., Oak Park, Ill. 1986 sales: $185,000. 1 unit 1/1/87. Kathleen Martin, president.

The handsomely lettered bright fuschia and yellow awnings might tip you off, or the elaborate little takeout boxes: This store delivers more than the average brownie. German chocolate, caramel pecan and raspberry are a sampling of the more unusual flavors.

"We target upwardly mobile 25- to 60-year-old professionals who lack the time it takes to bake at home and are interested in getting quality products," says Martin.

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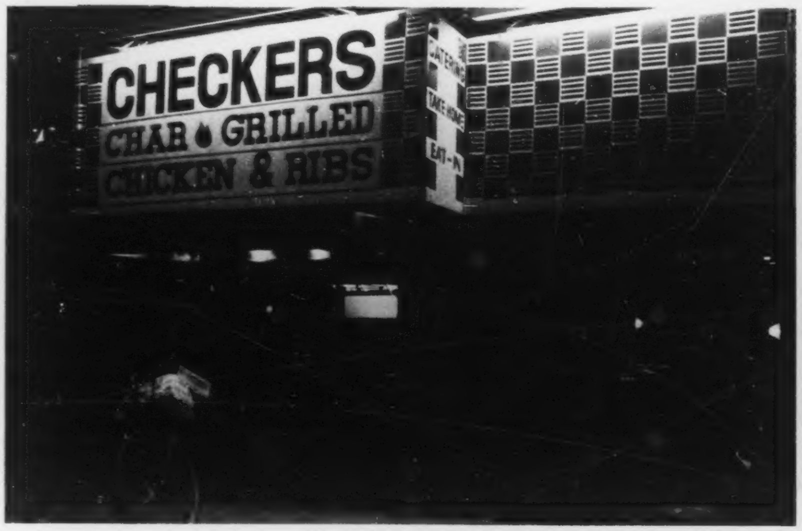
R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

CHICKEN

Winging it with America's favorite parts and pieces.



Checkers

CHECK OUT THE PRICES

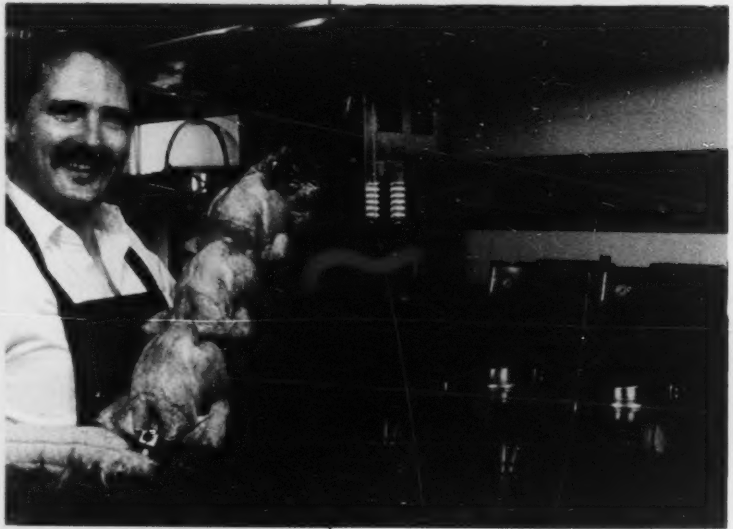
Checkers, Brooklyn. 1986 sales: $4MM. 6 units 1/1/87. Ron Kawitzky, president; Vivienne Kawitzky, secretary; Brian Elkins, vice president. PC: E.K. Enterprises.

A half chicken for $4.45 and several lunch specials for less than $3: Can this really be New York? The answer is yes at a Checkers Char-Grilled Chicken & Ribs. The restaurants, all in New York City, have the grill up in front next to the window and wall murals depicting a neighborhood street scene.

The chicken is marinated in lemon and bay leaves before being grilled. Ribs are available with three sauces. Plans are being made to add grilled duck and a marinated skirt steak.

The three principals, all expatriate South Africans, intend to add 20 to 30 units during 1987, focusing growth along the East Coast. Franchises are available for a fee of $25,000 and a royalty of 4%. An initial public offering to raise $1 million to $1.5 million was scheduled for late 1986.

Wing'n-It Chicken



NO WING AND A PRAYER HERE

Wing'n-It Chicken, Woodland Hills, Calif. 1986 sales: $300,000. 3-5 units 1/1/87. Ron Gelet, CEO; Howard Davis, president; Michael Hoffman, operations director. PC: Gelet Enterprises Inc.*

The restaurant's name suggests a cavalier approach to business; the reality is the opposite. Wing'n-It offers three types of chicken to appeal to a broad market. Delivery is promised within 30 minutes. Growth for the chain, which was opened in April 1986, will be concentrated in Southern California, where Gelet's Numero Uno pizza chain already is strong.

Plans call for 20 to 25 units to open during 1987. Franchising fees start at $7,500 for a single unit with royalties of 5%. A multiunit franchising package is available.

G'DAY MATES, HERE'S SOME BONZA TUCKER

Aussies, San Francisco. 1986 sales: $1 MM. 5 units 1/1/87. George Kailis, chairman; Scott Bergren, president. PC: Aussies Enterprises Inc.*

From the land down under comes Aussies Spit Roast Chicken. The name says it all: The company specializes in spit-roasted chicken, which takes 90 minutes to cook. A whole chicken goes for $5.65 while chicken sandwiches start at $1.65.

Aussies already is a mainstay in its Australian home, where 136 units are open under the name Red Rooster. Other units are open in Japan, Malaysia and Indonesia.

In coming to the United States, the Kailis family, which originated the concept, struck a deal with Round Table Franchise Corp., San Francisco. Round Table will help the chain expand by having 20 of its franchisees open Aussies units. The company expects to open 20 units during 1987. Aussies has a tentative franchise fee of $20,000 per store and $35,000 for a territory. The royalty is 4.5%.

Aussies
spit roast chicken

And "bonza tucker," according to an Aussies' place mat, means "great food."

NEW ORLEANS GOES WEST

Frenchy's Creole Fried Chicken, Houston. 1986 sales: $15MM. 22 units 1/1/87. Percy Creuzot, president and owner.

After having just one restaurant for 10 years, Creuzot began expanding from his Houston base. 1987 plans call for 25 new units to be opened during the year. Almost all expansion will be through franchised stores.

Franchising began during 1985. The franchise fee is $20,000 per store, with franchises sold in five-store lots. The royalty is 4% for the first five years and 5% thereafter.

The original restaurant focused on po-boy sandwiches, which are still available. Chicken, added several months later, now makes up 70% of sales. Creuzot's New Orleans-Creole heritage comes through in the red beans, Creole gumbo and dirty rice. Side orders include French fries, homemade buttermilk biscuits, corn-bread muffins and special desserts: fresh sweet potato pie, peach cobbler and freshly baked cake.

Frenchy's
CREOLE
CHICKEN ®

TO SAN FRANCISCO BY WAY OF TAIPEI

Sesame Chicken, San Francisco. 1986 sales: $500,000. 3 units 1/1/87. Hank Weiner, president; Y.C. Chang, vice president; James Shih, secretary. PC: TDD Food Systems Inc.

From its roots in Asia comes Sesame Chicken, an established 40-unit chain in Taiwan attempting to break into the U.S. market. Its menu fare includes the original fried chicken spiced with Oriental flavors.

Company officials decided to locate in shopping-mall food courts to take advantage of malls' large customer base and to quickly test the popularity of their product. They favored this technique over free-standing units that would have to generate their own traffic.

NOW THEY'RE THE BOSSES

New Orleans Famous Fried Chicken, Greenwood, Miss. 1986 sales: $14MM. 45 units 1/1/87. S.L. Sethi, president; Raksha Sethi, vice president. PC: Jackie's International Inc.

The Sethis began as franchisees of New Orleans Famous Fried Chicken, then bought the concept in 1981. What they have now is a chain serving fast-food chicken in Hot'n'Spicy and Regular Krispy versions.

Slightly less than half the chain, 20 units, is franchised. The company has a franchising fee of $10,000 and royalties of 3%. Company-owned units are concentrated in Mississippi, where 18 are open. Other units are in Texas, Idaho, Alabama, Arkansas and Tennessee. Units are built in two sizes: 50 seats and 75 seats. The check average is $4.20.

Seven units were opened during 1986 and 15 more are planned for 1987.

Plans call for two or three more company-owned units opening in 1987, then possible franchising.

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Sesame Chicken

SESAME
CHICKEN

R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

SEAFOOD

This year's catch includes a few surprise concepts.

OF MICE, MEN AND OYSTERS

Monterey Bay Canners, Irvine, Calif. Fy 1986 sales: $20.3 MM. 11 units 1/1/87. Douglas L. Salisbury, chairman; Ronald F. Higgins, president and CEO. PC: Trans/Pacific Restaurants Inc.

Had John Steinbeck been born a generation later, he might have dined here for inspiration. Monterey Bay Canners are modeled after an establishment that could have existed on Monterey's fabled Cannery Row.

This growing member of the Trans/Pacific family plans to add 10 more units by 1990.

Besides flying in as many as 20 fresh seafood choices daily, the restaurants feature mesquite-broiled steaks and a champagne brunch each Sunday. Frequent visitors with a penchant for oysters join The Oyster Club; eat 200 oysters and receive a T-shirt and in-house discounts.

Checks average $9 at lunch and $14.40 for dinner. Alcoholic beverages account for nearly 25% of sales.

Monterey
BAY CANNERS
FRESH SEAFOOD
RESTAURANT
OYSTER BAR - COCKTAILS

Captain Sam's Chowder Pot

EAT TO YOUR HEART'S CONTENT

Chowder Pot International, Freehold, N.J. 1986 sales: $10 MM. 11 units 1/1/87. Eugene F. Savage, founder and president.

It's hard to imagine leaving a Captain Sam's Chowder Pot restaurant still hungry. Dinners include all-you-can-eat shrimp along with salad, chowder and dessert bars.

The chain's origins can be traced to 1950 in Keyport, N.J. The Savage family acquired the original restaurant in 1970. Expansion was done by family members in the early '80s. Franchising outside the family began in 1985. The franchise fee is $35,000 with 5% royalty.

Average unit volumes are $750,000 for restaurants that don't serve alcoholic beverages and $1.2 million for those that do.

Bay Street

HERE'S WHAT HAPPENED TO CHARLEY'S

Bay Street, Dallas. 1986 sales: $15MM. 9 units 1/1/87. Alan Palmieri, vice president and concept general manager. PC: S&A Restaurant Corp.*

From the people who brought you Steak and Ale, Bennigan's and JJ. Muggs comes Bay Street. It features Cajun items, pasta and sandwiches in addition to fresh seafood. The company, which opened seven units during 1986, plans to open 12 more during the first six months of 1987. A target of 75 units by the end of the decade has been set.

1986 GROWTH CHAINS

PIZZA

The all-American pizza pie evolves even more new varieties.

PIZZA IN PARADISE

Paradise Pizza Cafe, N.Y. 1986 sales: $500,000. 1 unit 1/1/87. Peter Greenwald, Jerry Berger, principals.

Potted palms, pink flamingos and a bottle of Dom Perignon. Sounds nice, but with pizza? Yep.

Peter Greenwald, former sales manager at RKO radio, and Jerry Berger, formerly a stockbroker, founded the place in 1984 with $350,000 start-up capital and a vision of a tropical art-deco pizza palace that has been called by *New York* magazine, "the prettiest pizza parlor in town."

In addition to traditional pizza fare, the menu includes a bacon, lettuce and tomato pizza (sliced tomatoes, crumbled bacon and lettuce—no cheese) and a Nicoise pizza (cheese, tomato sauce, dark olives and anchovies).

Because space is at such a premium in New York, Greenwald hopes to install smaller cafes he's calling "Paradise Pan Pizza" into existing food operations that have the space. Greenwald is at the negotiating table with Nathan's Famous right now to sell pizza through the 16 Nathan's in New York.

OPEN UP—IT'S THE PIZZA!

NYPD (New York Pizza Dept.), San Diego. 1986 sales: $720,000. 3 units 1/1/87. Dan Crotta, president and CEO.

These boys and girls in blue will write you a citation on location or at your door—but the tickets they issue come with a freshly baked pizza pie. San Diego's NYPD strives for a 30-minute delivery time—made easy by the authentic looking "squad" cars, with flashing lights on top, that deliver the pizzas.

Paradise Pizza Cafe

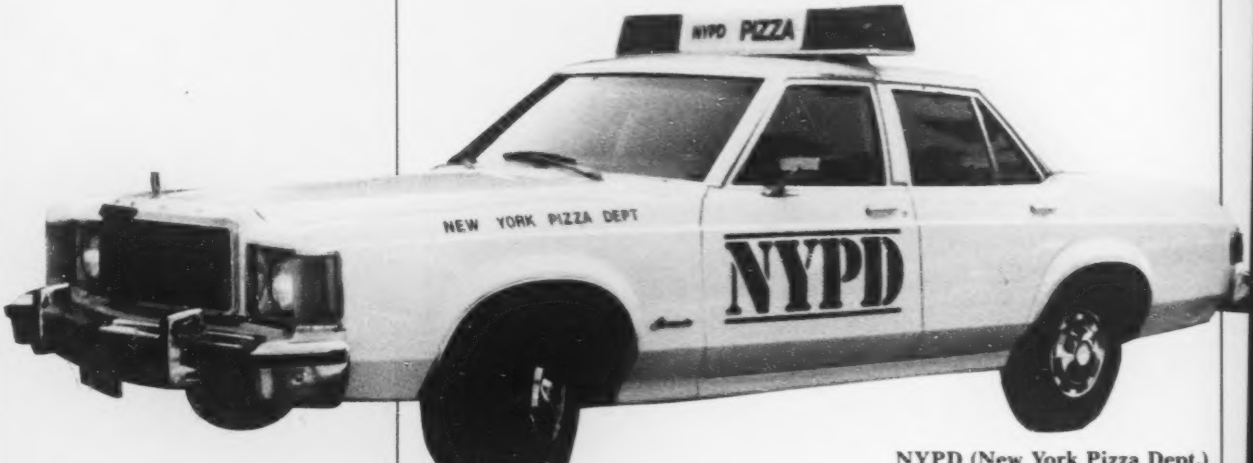
Crotta founded the restaurant with his wife Monika in 1983 and now has three company stores built, three franchises under construction and several more scheduled for construction next year in the Northern Los Angeles area.

Start-up costs for each precinct range from $100,000 to $170,000 plus equipment financing. Checks average $7.87. AUV: $480,000.

CAUSE HE'S ZA WIZARD

Wizard of Za Gourmet Pizza, Cleveland. 1986 sales: $760,000. 4 units 1/1/87. Mark Sternberg, president, Jacob Frydman, secretary and treasurer.

If Dorothy were a hungry traveler in Cyoga County, she just might stop in to see the Wizard of Za.



NYPD (New York Pizza Dept.)

We Challenge You To Try . . .

It's the most monstrous pizza in town;
A thick & delicious 18" x 24" Beast
Sicilian Pizza weighing in at approximately 6 lbs. with 24 thick slices. Invite
the Beast to your party or gathering...
But don't worry—He comes in a cage.

$15.95 ....
Plus $1.95 each additional topping

SNAPPY TOMATO
THE
BEAST
18" x 24" 6 lb. PIZZA

Son of the Beast
Individual size sicilian pizza . . . $2.45 plus 45¢ each additional topping

Mark Sternberg, formerly a manager for Hyatt Hotels in Kansas City and Baltimore, and Frydman, an attorney and real estate developer, started the restaurant in 1984. At press, they had just opened their fifth unit, and three more were projected to open.

Sternberg seeks to create a niche for his product, which he says, appeals to both gourmet and health-food tastes. The pizza has reduced oil, salt and sugar levels and toppings include such unusual choices as spinach and artichoke hearts.

WIZARD OF ZA
GOURMET PIZZA

Although all of the existing units are company-owned, the Wizard is working on franchise deals right now.

FROM THE VINE TO THE STA—OOPS!—TABLE

Snappy Tomato Pizza, Cincinnati. 1986 sales: $2.8MM. 20 units 1/1/87. Craig Whitt, CEO. PC: Slush Puppy Corp.

Robert Rotunda played a good hunch when he picked a horse named Snappy Tomato to win at the races. The horse won that race and three more that year. So, it is no surprise that Rotunda's new and up-until-then-nameless restaurant was destined to share the same name.

Under Rotunda's management, the company grew to eight restaurants before it was acquired by the Slush Puppy Corp. in 1985. Since then, Snappy Tomato has been on a rapid expansion track. The company began franchising in April 1986 and now has 16 franchised units.

MIX AND MATCH PIZZA

Piece of the Pie Inc., Lincoln, Neb. 1986 sales $9.1MM. 47 units 1/1/87. Winn Sanderson, president and CEO.

Sanderson started Pizza by the Slice when he and several other local businessmen found themselves with a lot of mall space they didn't know what to do with. "The logical thing was to start a food court."

In addition to the 47 company-owned units operating today, Sanderson plans to open 10 next year, 20 in 1988 and 30 the year after that, all for a total of 100 units by 1989.

All of the units to date are company-owned. They are scattered from Orlando, Fla., to Sacramento, Calif., Minnesota to San Antonio. Average check is $2.08—a figure Sanderson expects will go up as takeout sales increase—and AUV is $315,000.

BOSTON WILDFLOUR TO BLOOM IN HAWAII

Wildflour Boston Pizza, Santa Monica, Calif. 1986 sales: $2.8MM. 6 units 1/1/87. Steve Trager president and CEO.

WILDFLOUR
BOSTON PIZZA

With $15,000 saved from a previous career as a concert promoter in New York, Trager first set up shop to supply Santa Monica with a better tasting pizza in 1973. Thirteen years later, his Wildflour Boston Pizza—which features a Greek-style blend of Cheddar cheeses rather than mozzarella—has gleaned awards from the *L.A. Times* (Best Thin Crust Pizza) and the California State Fair (Gold Medal). His business has expanded to include two company-owned and four franchised stores.

Trager plans for an additional five franchised units in 1987.

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Piece of the Pie Inc.

R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

PASTA

Where the accents are Northern, and the pasta is prologue.

SHE HAILS FROM THE NORTH

Florenz Northern Italian Restaurant, Lexington, Ky. 1986 sales: $2MM. 3 units 1/1/87. Christian Inden, CEO. PC: Jerrico Inc.

Internationally certified master chef Christian Inden, formerly of Chicago's Management Group, was recruited by Jerrico specifically for the task of developing the Northern Italian cuisine featured in this restaurant.

The resulting menu is extensive and authentically northern Italian. Entries include Fettuccine Venetian, Linguini Cacciatore, Mussels Caruso and Osso Buco Milanese (a veal dish). An average lunch check is $6.50; dinner, $10.

Three Florenz's are open now: one in Blue Ash, Ohio, which seats 265, another in Lexington, Ky., seating 235, and the third in Louisville, Ky., seating 250. Look for four more in 1987. AUV: $2MM.

FLORENZ
A NORTHERN ITALIAN RESTAURANT

PASS DA PASTA, PLEASE

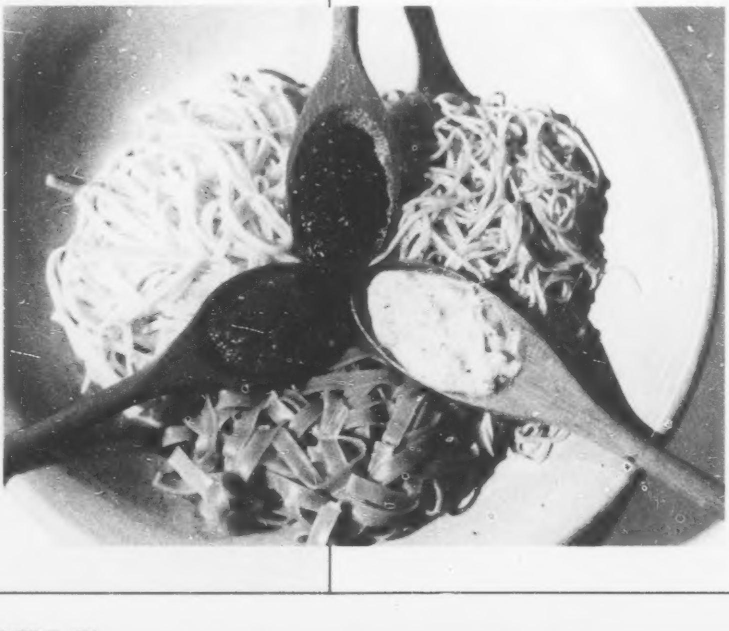
Pasta Via, Denver. 1986 sales, $1MM. 12 units 1/1/87. John Mullins, president.

Egg, herb, spinach and black pepper—those are among the regular pasta varieties this shop prepares fresh daily. Some of the special varieties include confetti, red pepper and tomato.

None of the pastas are prepared as hot dishes for consumption on the premises. "We do sell a few cold pasta salads and some sandwiches," says Mullins, "but the bulk of our sales are carryout orders of fresh wrapped pasta."

Five of the current 10 units were built since April of this year—the 11th and 12th are being built right now. And the company begins franchising next year. "We expect to build 25 units in '87," says Mullins. Franchise fee is $15,000 with 3% royalty. AUV: $175MM.

Pasta Via



THE BROTHERS OTTOMANELLI

Ma-ma Ottomanelli's Cafe, New York. 1986 sales: $1.5MM. 6 units 1/1/87. Nicolo and Joe Ottomanelli, principals.

Run by the third-generation Ottomanelli brothers Joe and Nicolo, the company now includes three Ma-ma's cafes, two more to be completed on the West side before year's end. The first and second units seat between 30 and 40 with AUV of $275,000. The third seats 100 and brings in $450,000 yearly.

To keep prices modest (average check is $8) the brothers limited the cafe's menu. Pizza and pasta are offered, but the Ottomanelli Perfect Burger, a sirloin burger that comes with a burger bib to catch the drips—is by far the star. "It took us 10 years to perfect the recipe," says Nicolo.

The brothers plan to begin franchising by first quarter of 1987 and hope to open at least three more restaurants then.

■ 1986 GROWTH CHAINS

CASUAL/THEME

No mistaken identity here. These restaurants have character.

Julio's Enterprises

WHICH SIDE ARE YOU ON?

On the Border South Texas Cafe, Dallas. 1986 sales: $14MM. 4 units 1/1/87. David Franklin, CEO; Paul Hyde, president, Fred Molsen, v.p.

David Franklin sampled his first mesquite-broiled game while he was on a white-wing dove hunting expedition in the border country south of San Antonio.

He was impressed enough with the subtly sweet flavor of the meat to join up with Hyde and Molsen to start a cafe.

The rest of the story is sheer success: There are now four On the Borders in the Dallas area, a fifth is being built in Houston and a prototype short-order version of the place, called Border Stop was built in Dallas last year. AUV for the full-service cafes is $3.3MM. Expansion plans call for two more full-service cafes and two more Border Stops next year.

JULIO'S HAPPENIN' IN THE MIDWEST

Julio's Enterprises, Omaha. 1986 sales: $2.5MM. 4 units 1/1/87. Rick Fox, president, CEO, Jerry Aquila, director of franchising.

Full of an eclectic assortment of neon lights, and with jazz music in the background, Julio's doesn't much fit the typical Tex-Mex mold. Although a lot of the menu offerings are Tex-Mex—*Omaha Magazine* called Julio's nachos the best in town—gourmet burgers represent 20% of food sales and the bar gleans a brisk 40% of business. An average check runs $7.50 at dinner; $5 at lunch. AUV is $625,000.

On the Border South Texas Cafe

Now well-anchored in Omaha, Julio's is setting its sights on expansion into other Midwestern markets.

Right now Julio's has three company-owned units—two in Omaha and one in Des Moines—and one franchised unit in Omaha.

RUDOLPH TAKES A RIBBING

Rudolph's Bar-B-Que, St. Louis Park, Minn. 1986 sales: $12MM. 6 units 1/1/87. James Theros, founder; Spero Theros, president.

Winners of the "Best Ribs in America" and the "Best Sauce in America" for two of the past four years at the National Rib Cook-Offs in Cleveland, Rudolph's fame is spreading faster than its namesake, Rudolph Valentino.

Named after the silent screen's greatest lover, Rudolph's decor is clean and classy with an amalgam of old movie posters, Hollywood star shots and elegant period art deco touches.

The Speros' first franchise unit opened in Duluth, Minn. in 1985. They plan to open two or three more operations in 1987. The franchise fee is $25,000 with 6% royalty.

LEGENDARY MAMA

Mother Mesquites Inc., Dallas. 1986 sales: $3.7MM. 2 units 1/1/87. Gene Street, chairman; Larry Richardson, president.

Seems a bit ironic that the scruffy little mesquite tree pioneers looked to as a source of survival in the 1880s should help pamper gourmet palates of the 1980s. Not so ironic is the fact that these two restaurateurs pay it tribute with their legend of Mother Mesquite" printed in glowing terms and colors on the backs of their menus. Gene Street and Larry Richardson's first Mother Mesquites restaurant has done better than $3.5 million in total food and beverage sales after just one year of business. A second unit opened in October and three more will open next year.

In addition to a multitude of mesquite-grilled offerings (chicken, fish, quail, ribs, steak), the menu lists six salad varieties, Mexican foods and four fresh fish selections daily.

Richardson says the company plans to have 10 units operating before seriously considering franchising.

NO MEMBERSHIP NECESSARY

The Oyster Club, Moultonboro, N.H. 1986 sales: $3.25MM. 3 units 1/1/87. Rex Seley, president. PC: Rex Seley Management Group Inc.

Based on the idea that "Everybody should belong to a club but not everybody can," Rex Seley's Oyster Club restaurants are less austere than men's clubs. Their style is casual elegance. Mahogany, leather and brass add to the clubby atmosphere.

Each restaurant is divided into two rooms. The grill room, which includes a raw oyster bar and grill, is a gathering place for singles and features light food and burgers. Checks average $2.50 to $6.95. Next door is the more formal dining room, serving prime rib and seafood with checks averaging $8.95 to $16.95.

Now including three restaurants—two in New Hampshire and one in Maine—the Oyster Club is set to expand in the East next year. Two restaurants are planned for the Boston area. AUV: $1.5MM.

Your eyes, your lips, your ribs!
RUDOLPH'S BAR-B-QUE

Mother Mesquites Inc.

NO LAZY KITTEN

Garfield's Restaurant and Pub, Oklahoma City. 1986 sales: $4.3MM. 5 units 1/1/87. Vince Orza, chairman, Jim Burke, v.p. operations. PC: Eateries Inc.

Though it shares its name with a popular cartoon character, this Garfield's, with its turn-of-the-century decor, echoes back to the moniker's earlier origins as a proper, English name.

THE OYSTER·CLUB
RAW BAR & GRILL

Founded in 1984 by Vince Orza, formerly a senior vice president with Kelly-Johnston, Garfield's is a family dinner house designed to "fill the gap between TGI Fridays and a Steak & Ale," says Orza.

With more than 75 items on the menu and 51 varieties of beer from all over the world, Garfield's has a broad appeal. Checks average $5.90 for lunch; $9 for dinner.

For the time being, Orza is concentrating expansion in the Oklahoma City area. There are five Garfield's in the area now, and Orza plans an additional five in the coming year.

Franchising? "Next year," says Orza. The company went public in August with an offering of 600,000 shares, at $3.25 a share.

ALBERT FINNEY, THIS ONE'S FOR YOU

Charlie Bubbles Restaurant & Tavern, Rochester, N.Y. 1986 sales: $5.5MM. 3 units 1/1/87. Nick Massa, CEO.

Nick Massa got the name Charlie Bubbles from a movie. "I saw the Albert Finney movie of that name," says Massa, "and liked it. It has whimsy."

Massa says the company's first two franchised units will be in New York, (Syracuse and Albany) but adds that he has had requests from Florida and Seattle. "Once we have three franchised units in place, we will evaluate whether we're going to go public."

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Charlie Bubbles
Restaurant & Tavern

R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

ENTERTAINMENT

Operators get their acts together and take them on the road.

WINNER AND STILL CHAMPION

Champions Sports Bar, Washington, D.C. 1986 sales: $1.5MM. 2 units 1/1/87. Michael O'Harro, president; Jim Martell, treasurer.

A 1933 Sprint race car is parked inside. Jerseys hang from the ceiling; autographed photos hang on the wall. The top of the bar is a collection of trading cards and ticket stubs covered by a half inch of clear resin. It is a hall of fame that serves drinks. Welcome to the original Champions Sports Bar.

With three years of sports-bar experience to his credit, O'Harro has taken the concept public and is franchising it. The franchise fee is $50,000, and royalties are 5%. Champions No. 2, in Falls Church, Va., opens in late 1986. Five new Champions should open during 1987, all in different markets.

Future Champions will be larger and focus more on food. The advertising budget is zero: Funds are spent on in-house marketing for nightly promotions tied in to sporting ideas.

BIG LEAGUE CARDS
MICHAEL O'HARRO
CHAMPIONS
1986

Champions Sports Bar

NOT THE PLACE TO SEE 'HONEYMOONER' RERUNS

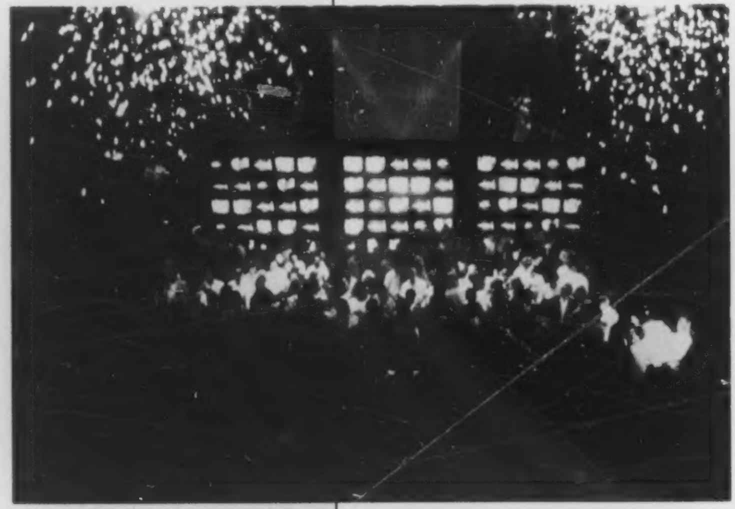
Clubland, Chicago. 1986 sales: $2MM. 1 unit 1/1/87. Steven Jarvis, Thaddeus Gentry, co-owners. PC: Thunder Dome Enterprises Inc.

Jarvis and Gentry have taken a Chicago theater, The Vic, and turned it into a nightclub (it still hosts concerts). At the rear of the stage is the focal point: a dance floor with a wall of 75 25-inch television monitors and five 9-by-12 projection screens. As many as 10 video images can be shown.

Clubland opened in May 1986 and the company is looking to open another in 1987. It probably will not be in Chicago because the owners feel there should be one Clubland per market.

A limited amount of food is served at Clubland's Mezzanine Cafe. More emphasis might be placed on foodservice in the future.

Clubland



A NEO IDEA

Neo, Glendale, Colo. 1986 sales: $1.35MM. 1 unit 1/1/87. Lance McFaddin, president and CEO; Wallace Kelley, regional director. PC: McFaddin Ventures.

McFaddin Ventures' newest concept, opened in June 1986, has a dual role: It is a nightclub that could be a forerunner for future Neos and it is an experiment for new ideas to be used in McFaddin's other nightclub concepts. These clubs include the high-energy Confetti for people in their 20s, and the tropical Ocean Club and nostalgic Studebaker's for slightly older crowds.

An early evening attraction is an elaborate buffet served free from 7 to 10 p.m. Tuesday through Friday, when the club's cover charge is only $1 or $2.

For the elite crowd there is the VIP Piranha Room, a separate dance and music studio that sometimes is closed to the public.

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1986 GROWTH CHAINS

BURGERS

Burgermasters find new ways to serve up America's old favorite grind.

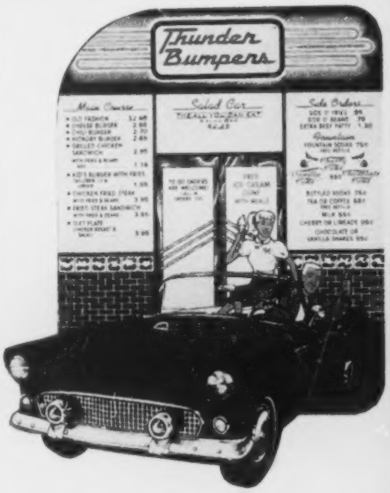
HOW'S THE MILEAGE ON YOUR SALAD BAR?

Thunder Bumpers, Dallas. 1986 sales: $3.5MM. 8-12 units 1/1/87. Craig Alexander, president and owner; Mark Lomberg, senior vice president.

The origin of this chain's name is in the center of each restaurant. It's a vintage, early '50s Ford Thunderbird that has been turned into a salad bar. (Actually, car enthusiasts were appalled that a fine car would meet such a fate, so Thunder Bumpers now has a firm build replicas.)

Conservative estimates for 1987 show 10 to 15 new Thunder Bumpers coming off the line. North Carolina, Tucson, Phoenix and Houston are possible expansion areas. The franchising fee is $35,000 for a single unit, with territorial packages available. Royalties are 4.8%.

The menu focuses on '50s malt-shop cuisine, which company officials say differs from a diner because malt shops had a more limited menu.



ONE HECK OF A RESTAURANT

Hectors Heck of a Burger, Delray Beach, Fla. 1986 sales: $1MM. 3 units 1/1/87. Esther O'Keefe, president; Hector Morales, vice president.

Morales has attended the Culinary Institute of America, cooked for the stars and won numerous cooking competitions. Now he's concentrating on a concept of his own. The first Hectors restaurant opened in 1985 and, after adding two this year, he looks for three more in 1987.

Franchising began in 1986. The fee is $25,000 with 6% to 7% royalty.

The primary hamburger is the half-pound Hector's Burger for $3.99. Different versions are available with cheese, pepper and onions, grilled onions, mushrooms, bacon and chili.

Hectors extensive menu also features 11 sandwiches. A fresh-roasted turkey breast sandwich is built from one of the three or four turkeys cooked in the stores each day.

THERE'S NOTHING FAST ABOUT THIS FOOD

The Counter, Tyler, Texas. 1986 sales: $1.5 million. 8 units 1/1/87. Thomas Hyde, president and owner; Larry Dorough, executive vice president; Jack Odom, marketing director.*

The Counter wants to recapture the days of the corner drugstore, with hamburgers frying on the grill and milkshakes frothing with hand-scooped ice cream. Patrons wait for both because the company emphasizes quality, not quickness. "The hamburger worth waiting for" is the company slogan.

A company official says The Counter is aiming for a middle ground between McDonald's and a Chili's or Bennigan's. The quarter-pound cheeseburger costs $2.07. Variations are available with bacon, chili and onion.

Franchising began in 1984. The fee is $20,000 with 3% royalty.

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CREAM
BEVERAGE

Hectors Heck of a Burger

R&I EXCLUSIVE

■ 1986 GROWTH CHAINS

DRIVE-THRU

A limited menu with a little service on the side.

Short Stop

Central Park

Central Park

BASEBALL BEEN BERY, BERY GOOD TO ME

ShortStop, Austin, Texas. Projected 1986 sales: N/A. 38 units 1/1/87. Sam Talkington, president.

ShortStop is not stopping short on expansion. The company will open 55 units next year, 43 of them franchised. Thirty-three of the current 38 Shortstops are franchised. They are located in six states, from Colorado to Florida.

Burgers, fries and soft drinks produce an average check of $2.96 for the tiny, two-story, drive-thru units. Customers in their cars can view food preparation through large windows into the kitchen.

ShortStop's growth potential is enhanced by the attractiveness of its franchise fee—just $10,000.

Grand Junction
DOUBLE DRIVE THRU
SO FRESH!
SO FAST!
SO INEXPENSIVE!
Grand Junction
IN

Grand Junction

NO MUGGERS HERE

Central Park, Chattanooga. Projected 1986 sales: $9MM. 24 units 1/1/87. Robert Davenport, owner and founder.

A menu of a ¼-pound burger, cheeseburger, chili, large fries and a 20-ounce soft drink generates $500,000 average unit volumes for this 4-year-old chain, which is just about to unleash its franchising program. "We really feel like this is the next national concept," says Davenport, who sells a burger, fries and a soft drink for an average of $1.67.

Other "averages" are 1.75 people per car and $3 per transaction per car. Currently, all units are company-owned.

Davenport claims that Central Park is the originator of the double-drive-thru concept. He says other chains have larger units because they cannot exactly copy his patented design and systems.

A GRANDIOSE IDEA

Grand Junction, Lexington, Ky. Projected 1986 sales: N/A. 8 units 1/1/87. Brian Simms, director of operations; Frank Blair, vice president.

Drive-thru with train-station appearance, serves ¼-pound burgers, chili dogs, grilled sandwiches, fries, soft drinks and milkshakes. Average check is $3.

The 2-year-old chain plans an eventual public offering. All units now are company-owned, and the chain has been spending 4% on advertising.

On the other side of the cost coin, consumers should find the concept attractive because its prices are about 25% lower than traditional fast-food.

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■ 1986 GROWTH CHAINS

LIGHT FARE

Scaled-down menus shape up as tomorrow's stars.

Soup Exchange

NO BARTERING ALLOWED

Soup Exchange, San Diego. Projected 1986 sales: $6MM. 7 units 1/1/87. Don Boensil, president and CEO.

The Soup Exchange's customers serve themselves from soup, salad, fruit and dessert bars. Some prepared salads, pastas also are available. The operation's on-premises bakery produces fresh muffins and breads. Beer and wine are served, but represent only a small percentage of sales.

Average check is $6. Lunch and dinner each contribute 50% of volume.

The unit is designed as a patio, with tile, wood and plants inside a vaulted ceiling. It seats up to 200, plus 100 outside.

Franchising begins this year, possibly in Maryland, Illinois, Wisconsin and Minnesota. Rights to Southern California already have been sold. A public offering is possible within the year for the now 10-year-old concept.

La Bite's

JUST WHAT KIND OF A CONCEPT IS STIX?

Stix Eating Spa, San Antonio. Projected 1986 sales: N/A. 1 unit 1/1/87. Greg Waters, secretary and manager. PC: Romano Enterprises.

Stix Eating Spa, started up early this year by Phil Romano of Fuddruckers fame, does not serve "health" foods, according to Greg Waters, but rather basic foods freshly prepared and low in fat.

The menu includes Chinese Chicken and other salads; stir-fry beef, shrimp and vegetables; shish kebab dishes; and rices. Waters insists that the concept is not Oriental either, despite the stir-frying and yakitori broiler. Stix also has started takeout and delivery service.

Romano plans to open 50 to 100 units, but will not be specific about the timetable. He is looking to the Dallas market next, then California.

C'EST LA VIE, C'EST LA GUERRE, C'EST LA BITE

La Bite's, Denver. Projected 1986 sales: N/A. 2 units 1/1/87. Kevin Narans, president.

Light and nutritious food—endorsed by the American Heart Association—in an upscale atmosphere, is what Narans offers. The menu includes: broiled beef hamburgers; broiled turkey burgers; roasted chicken fillet sandwiches; tuna melts; vegetarian pita pocket sandwiches; fresh soups; yogurt shakes; a 40-item salad bar; multigrain buns; and natural sodas.

La Bite's primary target customer is the Yuppie, although its teddy-bear logo may draw a younger audience as well. The unit design includes a circular greenhouse. Seating is available for 110 patrons.

A public offering and franchising are in the works. Expansion markets are the Western United States, particularly California.

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R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

STEAKS

Famous independents kick their expansion plans into high gear.

ONLY THE NAME IS CONFUSING

Ruth's Chris Steak House, New Orleans. Projected 1986 sales: $20MM. 16 units 1/1/87. Ruth Fertel, founder and president.

It all began when Ruth Fertel bought Chris Steak House and added her own name to the front end. That was 1965. Next year, she will add as many as five more of her $1 million-plus units. That expansion pace will be maintained for a few years.

The menu is highlighted by steaks ranging from 8 ounces to 6 (that's right—six) pounds. It also lists seafood, chicken, seven different potatoes, fresh vegetables, salads and homemade desserts. Entrees range in price from $13 to $19. Average dinner check is $32, including a drink. Units seat 155 (smallest) to 350 (largest).

Relying strictly on word-of-mouth for advertising, the company operates units across the South, plus Washington, D.C., Arizona and California. Expansion is slated for Memphis, Charlotte, N.C., Chicago, Milwaukee and San Francisco.

Morton's of Chicago

RUTH'S CHRIS STEAK HOUSE®
U.S. PRIME ONLY
Home of Serious Steaks

WITH AGE COMES EXPANSION

Smitty's Steak Houses, Fort Myers, Fla. 1986 sales (fy end 9/30): $10MM. 5 units 1/1/87. Paul Peden, president. PC: Smitty's Taverns Inc.

Smitty's Taverns Inc. celebrates its 30th anniversary this year. And what better way to acknowledge such a milestone than by kicking its signature steakhouse concept into expansion gear?

Smitty's will have added two steakhouses by the end of the year and will add at least one more a year through the end of the century, or until it hits 20 units, whichever comes first. Growth is targeted for the company's existing Florida market.

Best known for prime rib and steaks, Smitty's now serves hefty amounts of chicken, veal and seafood. Prime rib still accounts for 34% of food orders, and dinner for 80% of sales. Average unit volumes are pushing $2 million, at an average dinner check of $12.50, not counting drinks. Alcoholic beverages are 20% of volume.

MORTON'S OF CHICAGO . . . AND DENVER . . . AND PHILADELPHIA . . . AND . . .

Morton's of Chicago, Chicago. Projected 1986 sales: $10.6MM. 5 units 1/1/87. Arnold J. Morton, president. PC: The Morton Group.

Chicago has a great reputation for steaks, and nobody has a better reputation for steaks in Chicago than Arnie Morton. His reputation is so good in fact that his latest units in Philadelphia and Washington, D.C., have done gangbuster's business. Systemwide, unit volumes are $2.5 million.

New units are slated for suburban Chicago, Dallas and Boston. San Francisco could fall into place after that. Porterhouse steak is Morton's best seller, but swordfish steak, chicken and lobster also do well. Repeat business is tremendous. Wine dominates alcoholic beverage sales, which accounts for 30% of volume.

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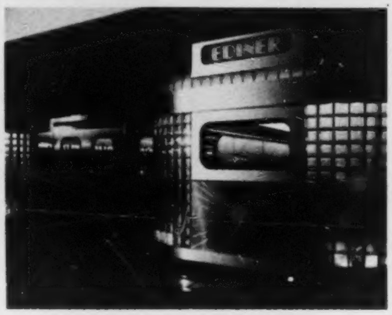
R&I EXCLUSIVE

■ **1986 GROWTH CHAINS**

DINERS

Nothing could be finer than a taste of simpler times.



Ediner Inc.

DINNER AT EDINER

Ediner Inc., Edina, Minn. 1986 sales: $5.5MM. 6 units 1/1/87. Jack Seltz, chairman and CEO, Neal Wickert, president.

Look for a diner back in the '30s or '40s and you would have found it on a street corner, where most shopper's were bound to pass by. But what about the '80s? Because so many shoppers now congregate in malls, that's where Ediner Inc. has chosen to build its diners. "Some people might think it's a bastardization of the diner concept," says founder Jack Seltz, "but let's face it, it's where the people are."

Founded in 1983 after Seltz and his wife Susan grew restless with the teaching profession, Ediner was designed to be "as authentic as possible," says Seltz.

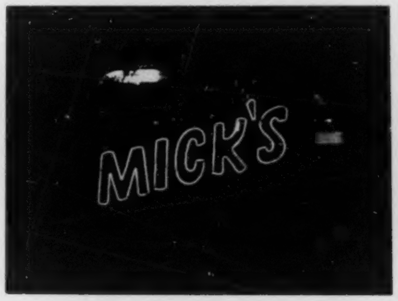
Customers appear to appreciate Seltz's concern for authenticity. Their patronage has helped the company to expand to six units. And Ediner just went public in September with an initial offering of $1.5MM.

SOMETHING FOR EVERYBODY

Mick's, Atlanta. 3 units 1/1/87. Stephan Nygren, Robert Amick, Richard Dailey, principals. PC: Peasant Restaurants.

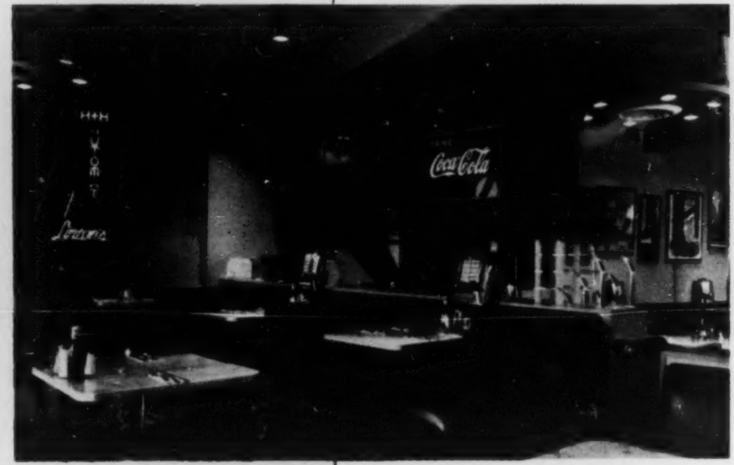
With its pink and blue neon lights and rock 'n' roll memorabilia, Mick's *looks* as if it is targeted to the ubiquitous Yuppie, but Steve Nygren says the place is designed to draw "from college kids to retirees. We even have a special children's menu," he continues.

The decor includes influences from the '40s, '50s and '60s. "We tried to stay away from a heavy diner or period theme so the place won't be passé in a few years," Nygren explains.



The first three Mick's, all company-owned, are in Atlanta. The first seats 100; second, 240; and third, 185. Look for two more this year.

Heartthrob Cafe &
Philadelphia Bandstand



HIGH-TECH '50s

Heartthrob Cafe & Philadelphia Bandstand, Philadelphia. 1986 sales: $3.25MM. 1 unit 1/1/87. Larry Spatz, chairman.

What once was an echo-filled boiler room in the basement of a 100-year-old Philadelphia mall now bounces with the sounds of dinner and dancing. Spatz took the 10,000-foot space and split it into two rooms: one a diner, the other a bandstand. He calls the decor "high-tech '50s. What we've done is taken the icons of the '50s and put them in an '80s and '90s setting."

Most popular items on the menu include hamburgers, and ribs. "But we offer a good variety of fish dishes, and salads do well, too," says Spatz. Checks average $6 at lunch; $11 at dinner.

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■ 1986 GROWTH CHAINS

FAMILY

Where the folks gather, the fare is hearty and the prices go down easy.

AUNT JULIE'S A WONDERLAND

Aunt Julie's Kitchen, San Antonio. Projected 1986 sales: $6.5MM. 3 units 1/1/87. Buzz Roman, chairman.

Buzz Roman describes Aunt Julie's Kitchen as a cross between Big Boy and Luby's in a Disneyland box.

While Roman is planning to add two units in 1987 and three or four the following year, he says he will not grow until existing units are profitable. "The key to growth is excellence in operation," he says.

Situated in old Cape Cod-style homes, the Aunt Julie's Kitchen theme has evolved from a coffee shop to a buffet operation. Roman compares the huge breakfast buffet volume to that of Shoney's. Lunch features an all-you-can-eat garden bar that includes two soups, eight vegetables, salads, biscuits and muffins.

Aunt Julie's
BREAKFAST

Sytje's Pannekoeken Restaurants

SAY SYTJE'S PANNEKOEKEN

Sytje's Pannekoeken Restaurants, Edina, Minn. Projected 1986 sales: $9.5MM. 9 units 1/1/87. Todd Novaczyk, CEO. PC: Chabot Management Inc.

Envision Dutch lace curtains, Delft china, a Dutch windmill and warm aromas from Holland. Welkom to Sytje's (pronounced sigh-ches) Pannekoeken Restaurants. From decor to cuisine, they have recreated the atmosphere of an authentic, traditional Dutch dining experience.

The signature pannekoeken entree comes from the land that has been called "as flat as a pancake." It is an oven-baked, light, puffy pancake that waitresses run to the table so customers can watch it slowly deflate before their eyes.

A unit-offering circular has just been completed and plans are in the works to register for franchising in the upper Midwest by January 1987. Five franchises are planned for the second half of 1987. The franchise fee will be about $25,000 with 3% royalty.

IRON SKILLET'S TRUCKIN' ALONG

Iron Skillet Restaurant, El Paso, Texas. Projected 1986 sales: $19.5MM. 15 units 1/1/87. John Colman, president. PC: Jordinns of America Inc.

Truck stops are not just for truckers anymore. Iron Skillet Restaurants at Petro truck stops across the country are drawing big family business with their country-style "scratch" fare.

The 24-hour, 178-seat restaurants feature regional signature items at each location. At Louisiana units, the specialty is Cajun catfish. Arkansas stops feature chicken and dumplings.

The average dinner check of $4.95 has been a big factor in the truck stop's ability to draw family business. The parent company plans to add five additional units in 1987.

Iron Skillet Restaurants

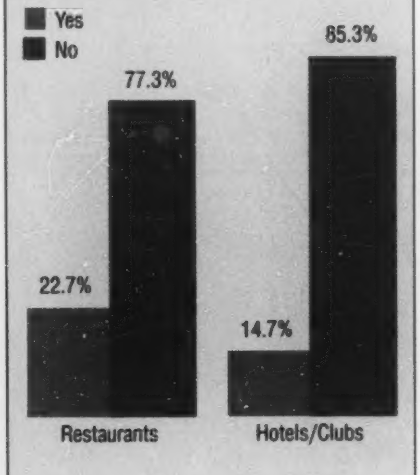
LIQUID ASSETS

R&I INTRODUCES BEVERAGE ALCOHOL INDEX

With this issue, *Restaurants & Institutions* introduces the Beverage Alcohol Index, an exclusive data base compiled from phone calls made to 150 foodservice operators across the country. Informational charts based on this data will appear in the Liquid Assets section on a regular basis.

"NO" TO RAISING PRICES!

The majority of 150 foodservice operators surveyed for the November Index said they've held the line on beverage alcohol prices in the past three months. Only 14.7% of hotel and motel operators raised prices, while 22.7% of restaurant operators instituted price hikes.



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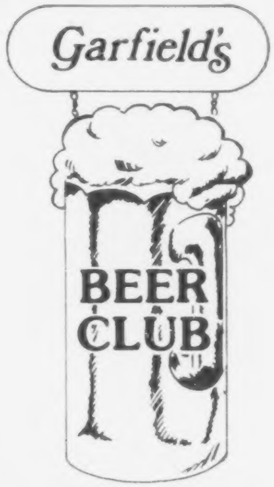
■ THIRSTS OF AMERICA

A Beer Club Can Put You Ahead of the Competition

Customers who drink 24 of the 51 "Beers of the World" at Garfield's Restaurants in Oklahoma get a free prime rib dinner and their name placed on the restaurant's Beer Hall of Fame Plaque. A customer who samples 48 beers gets his name put on a bar stool. And anyone who tries all 51 beers (over any period of time) winds up with a monogrammed beer mug.



What happens if the restaurants run out of bar stools or mugs? "Not to worry," says owner Vince Orza. "We'll put the plaques up on the back bar or the ceiling. I hope we do run out of space—that means our customers are buying beer." Garfield's Beers of the World Club started in 1984.

The Screwdriver—a Yuppy Drink?

The screwdriver is the preferred drink of young professionals, according to a national market research study compiled on behalf of Smirnoff Vodka. The report reveals that the majority (69%) of Screwdriver drinkers are males, between the ages of 25 and 34, with annual salaries of at least $35,000. According to the report, 55% of Screwdrivers are consumed at home; 35% are consumed at bars and restaurants.

One explanation for the name of this popular drink comes from the Vodka Information Bureau. It seems an orange juice salesman in California asked a bartender to mix his product with vodka and serve it free to six customers. Five of the six voiced approval for the concoction. The sixth reportedly said, "Nix, brother. I'd just as soon swallow a screwdriver."

Cellar Rat or Wizard? Test Your Knowledge!

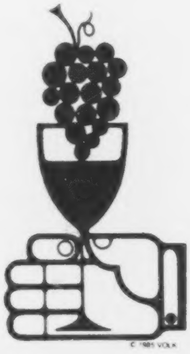
Want to test your knowledge about California wines? The California Wine Wizard Contest once again is seeking a Grand Wizard, someone who really "knows his stuff" about wine. The qualifying written test consists of 55 questions. Everyone completing the first 15 questions will be dubbed a Cellar Rat and will receive a prize just for submitting his test for scoring.

The contest is open to foodservice operators in states east of the Mississippi. Prizes include a California wine cellar and a tour of California's wineries.

This Cloud Has a Silver Lining

The heavy rains and floods of last winter have contributed to the prospects of a great vintage for the 1986 wine grape harvest in the Napa Valley, according to the director of winemaking at the Christian Bros. Winery. It is predicted that Cabernet Sauvignon will have a long, full ripening period that could rank 1986 among the greatest vintages for this variety. *—C.S.*

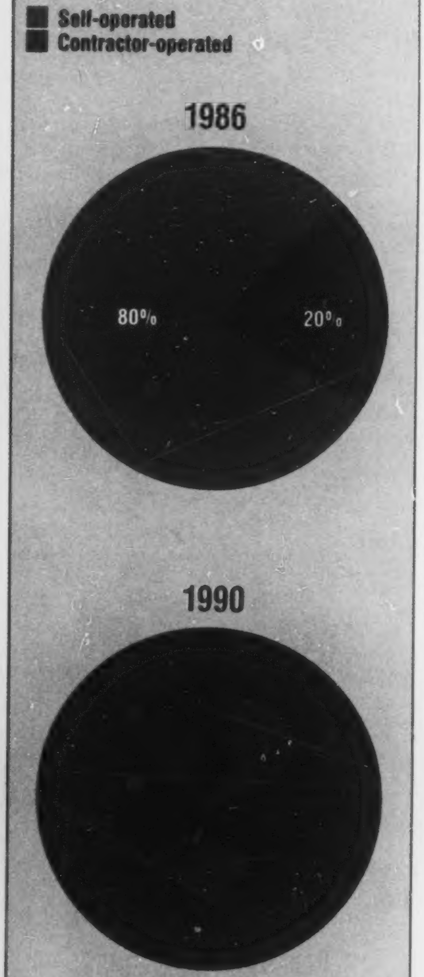
For information, see Action Express.



INSTITUTIONS

CONTRACTORS IN HEALTH CARE

How big will contractors' slice of the health-care pie be in 1990? With a 20% share now, contractors already have a foot in the door. And their promises of specialized services and controllable costs look to make that opening even wider. As diagnostic-related groups become fully implemented, this tremendously competitive market increasingly lends itself to penetration by contractors. Hospital administrators will have to weigh the benefits of self-operated vs. contractor-operated foodservice carefully before deciding which is best for their facility.



Figures are *R&I* estimates. Sources: ASHFSA, AHCA.

■ **POINT/COUNTERPOINT**

Opposing Views: To Contract, or Not To Contract?

Hospital officials ask this question as contractor penetration of the health-care market increases

Gerald J. Scelzi, director of foodservice, Holy Name Hospital, Tea Neck, N.J.

Food management companies promise quality, efficiency, high productivity and a cost-reduction program. But are these people proficient with your internal organizational structure, standards, personnel, and federal, state and local regulations? Or are they just using their marketing talents?

In today's highly competitive hospital market, I doubt many institutions are not staffed to handle their internal operations. All hospitals should use the talent that exists, or hire a staff that will do the job for less than a contracted service company.

Administrators must scrutinize all contracts and see if they can afford a "for-profit" package, or if they can run the department internally at a lower cost to their institutions. There are many well-trained and experienced food directors ready, willing and able to take on the challenge of this demanding industry.

As hospitals hire, train and retain staff members, in-house food directors will add to the morale of an institution and save budgeting dollars beyond your imagination. Why? Because their priorities are directed towards the hospital's interests, rather than profits.

Gerald J. Scelzi

Joseph V. Roberts

Joseph V. Roberts, president, Nutrition Management Services Co., Kimberton, Pa.

The business of food management has become very specialized. There's much more to it than just hiring a foodservice director.

Food management companies provide an entire foodservice support system. We provide nutritious food prepared using the highest quality standards. Our resources allow us to do this while maintaining cost effectiveness.

A hospital foodservice director can dazzle administration with what he thinks he knows, but most administrators have no way of evaluating what he says. And, although I agree that there are many well-trained directors, they are looking to develop a career. In three to five years, they're going to want to move on. Food management companies provide continuity.

Most food-management companies reduce a hospital's costs while operating at a profit of less than 3%. My company, for example, purchases $35 million a year in food and pays much less than an independent operator.

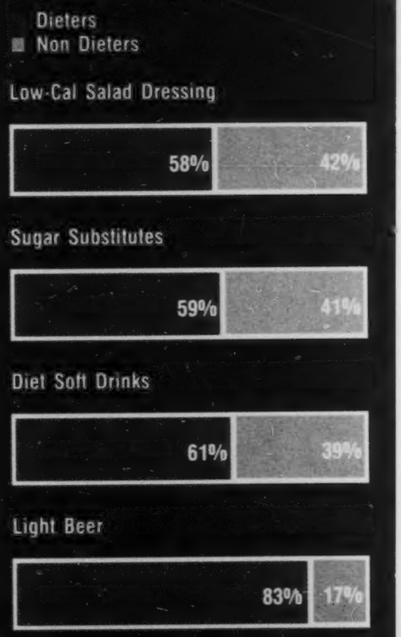
Contractors have proven their expertise in employee-dining operations, in colleges and in schools. Now health-care administrators are becoming aware of the benefits we offer. —***P.E.***

FOOD

R&I DATA

"DIET" FOODS NOT JUST FOR DIETERS

According to the NPD Group, a marketing and research company, fewer people went on a diet last year because they consume low-calorie products as a way of maintaining a healthy life style.



Source: NPD Group

■ HEALTHLINE

Rosemary Preserves Food and Love, Too

Preservatives, no matter what some activists claim, are necessary in order to keep foods from spoiling and to preserve their fresh taste.

The ancient herb rosemary is a powerful and safe antioxidant. It performs the same function that chemical synthetics such as BHA and BHT do. But the problem of adding rosemary flavor to food has kept manufacturers from using it. Now, two Rutgers University chemists have found a way to extract rosemary's preservative benefits without its strong, biting flavor.

Chemists Stephen Chang and Chi-Tang Ho diluted the extract to 0.02% and found it especially useful in preserving oils such as orange oil in soda pop. And it is more stable chemically than the synthetics, they say. They also have tested it and claim it takes 10 times the amount of rosemary extract as synthetics to reach a toxicity level. (Almost any substance is toxic if enough is ingested.)

Rosemary, like cloves, oregano, sage and ginger, has been used for centuries to preserve food. It was thought to preserve love itself in the Middle Ages (*American Health*, August 1986).

No More Chinese Restaurant Syndrome

For more than a decade, anecdotal experience has linked symptoms of burning, tightness or numbness in the chest, neck or face with eating Chinese food. Coined "Chinese Restaurant Syndrome," the culprit alleged to cause these symptoms is monosodium glutamate. Now, a new study of self-identified MSG-responders has found that the MSG link is not supportable and that Chinese Restaurant Syndrome may be a misnomer.

Dr. Richard A. Kenney, professor of physiology at George Washington University Medical School, published his study in the July issue of *Food and Chemical Toxicology*. He concluded, "Double-blind testing of individuals who identify themselves as suffering the 'syndrome' has failed to confirm the role of MSG as the provocative agent."

Kenney contacted more than 30 individuals during a period of five years for this study. Of the 30, he tested six individuals who felt sure they reacted adversely to MSG and had developed such a level of personal concern that they were prepared to undertake the necessary days of testing. Two of those subjects reported tightness of the face, tingling of the hands or warmth behind the ears to both the MSG solution and the MSG-free solution. The remaining four subjects reported no response.

Heart Association Revises Healthy Diet

Who doesn't want a healthy heart? Appealing to the public's desire to remain healthy, the American Heart Association has written new guidelines that are more specific than ever before.

The new guidelines lower the recommendation on total fat intake and address alcohol and salt consumption in detail for the first time. The new guidelines recommend that a person's total intake of fat of all kinds be limited to less than 30% of all calories. The previous Heart Association recommendation was that fat should be 30%-35% of calories.

The revised guidelines also recommend that sodium intake be limited to 1 gram for every 1,000 calories consumed and should not exceed 3 grams daily. Three grams of sodium equal about one level teaspoon of table salt. The previous guidelines said only that people should reduce sodium intake.

Alcohol guidelines recommend that people should not drink at all, but if people do, it should not be more than 1½ ounces a day. —***N.B.***

American Heart Association

ACTION EXPRESS

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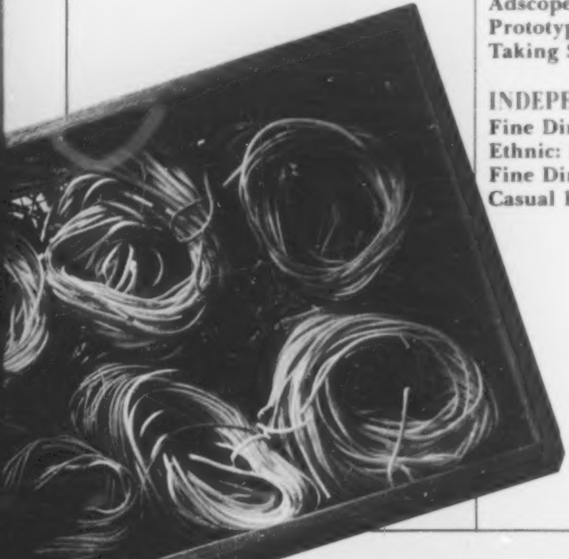


RESTAURANTS & INSTITUTIONS

■ ECONOMIC EXPERTS

New Tax Policy Could Help Foodservice

But changing economic conditions might overshadow any losses or benefits.

Although economists are not giving the tax reform package high grades for its expected impact on economic growth, its passage creates certainty in the marketplace that allows both economists and businessmen to be more sanguine about the economy's future course.

At a recent meeting of the National Association of Business Economists (an association of practitioners rather than academics), tax reform was—not surprisingly—a hot issue.

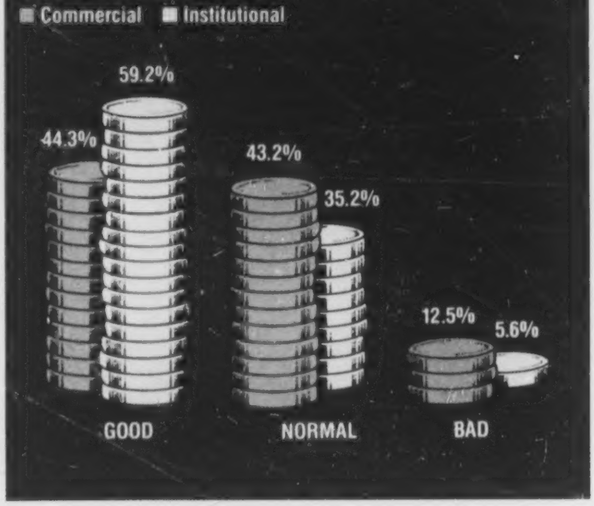
According to Richard Kopcke, vice president at the Federal Reserve Bank of Boston, tax reform is an ongoing learning process. He says that the tax package might be a step in the right direction, but contrary to what the politicians say, "It's neither simple or neutral. It's written for today's economy. Under conditions of lower growth or higher inflation, it won't work."

And as Dr. Margot Thorning (a Washington insider and chief economist for the American Council on Capital Formation) sees it, politicians are "already undoing what hasn't even been signed into law." She cites recent remarks by U.S. Rep. Daniel Rostenkowski, chairman of the committee that developed the original House bill, as evidence of this assertion. He already has said that deficit reduction probably will require increases in the very tax rates lowered by reform.

R&I DATA

SALES NOW: GOOD TIMES ARE HERE

More than half of the respondents answering the September Business Confidence survey say their sales figures are good and less than 10% say they are down. Fast-food operators, particularly, are enjoying an upturn in business: Only 3% reported a sales decrease from the previous month. On the institutional side, schools report the best sales news.



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She doesn't think that tax reform will outlast the next administration. And she even has doubts about whether it will outlast the current one.

Impact on foodservice

But because it took two years to accomplish, and because a comprehensive approach to tax reform is unlikely in the near future, it pays to take a closer look at how the foodservice industry might be affected by the new tax changes.

Tax reform lowers personal taxes at the expense of business taxes. For the foodservice industry, however, there's a silver lining to this shifting of tax burdens. Lower personal tax rates will make consumers a little wealthier, giving restaurateurs (and all retailers) a likely boost in sales.

Tax experts estimate that $120 billion in taxes will be shifted from the consumer to business. Expenditure surveys estimate that consumers spend roughly 5% of total expenditures on commercial eating out. If consumers spend rather than save their new-found wealth, therefore, the commercial segment of the industry could see $6 billion in additional revenue as a result of tax reform.

Because low-income consumers are expected to receive the biggest percentage cut in their personal income taxes, the greatest boost to the foodservice industry might go to the fast-food segment, already one of the fastest-growing segments of the industry.

Kim Kennedy is a member of Cahners Department of Economics.

Working against the foodservice industry, at least the fine-dining segment, is the fact that consumers will no longer be able to deduct credit-card interest from federal tax liability, reducing the attractiveness of purchases on credit. Most feel this will have a minor impact on consumption, however, since the current deduction isn't a great influence on purchases and the majority of consumers don't itemize anyway.

Of greater concern to foodservice entrepreneurs are the limits imposed on business-meal deductions. With deductibility reduced to 80% of expenditures from 100% today, fine-dining restaurants might see cutbacks in the number of business luncheons—especially for industries hit hard by other aspects of tax reform.

Ultimately, however, the tax reform controversy is really much ado about nothing. Each of the reforms are changes on the margin. This means that changing economic conditions—overall or within a particular industry—will far overshadow any losses or benefits from tax reform. Still, foodservice should come out a winner—so it can't be all bad.

—Kim Kennedy

Circle K Offers New Microwavable Pizza

While convenience stores continue to lead the foodservice industry in real sales growth, Circle K continues to be one of the segment's leaders in innovative product development and marketing.

The 3,800-unit chain based in Phoenix rolled out its latest—crispy crust French Bread Pizza—into all of its stores last month. The product falls under the company's Deli Fresh brand line.

The item gives Circle K a stronger foothold in pizza, which it calls the fastest-growing product segment in the foodservice industry today. The product's special packaging allows it to take on conventional-oven-baked aspects upon heating in a microwave.

Wendy's Unveils the Good Stuff: the Big Classic

September was a big month for Wendy's. The company put its new hamburger, the Big Classic, in a novel clamshell package and promoted it along with other Wendy's goods with a new tagline: "This is the good stuff."

While industry observers were calling the Big Classic Wendy's response to Burger King's Whopper and McDonald's McD.L.T., Wendy's officials were stressing other points. "Our intent throughout was to make the best better," says James Near, Wendy's president and chief operating officer. "The Big Classic was carefully planned for a year," says Linda Packer, Wendy's manager of marketing public relations. "We found customers were looking for a big sandwich with a big taste."

And big the Big Classic is. It comes in quarter- and half-pound versions and is accompanied by ample amounts of tomatoes, mayonnaise, ketchup, pickles, onions and leaf lettuce. The ingredients are positioned in a specific order on a corn-dusted soft kaiser bun.

"What we found," says Michael Sapienza, Wendy's vice president of marketing analysis and new products, "is that the order of toppings makes a tremendous difference. The order in which toppings reach the customer's taste buds affects the taste of the sandwich, giving different 'flavor bursts.'" More than 5,200 consumers in six cities were questioned to determine the final order of products.

Customers also were used to help decide on the type of bun. The final product was selected in part because it is denser and able to hold all the condiments without becoming soggy and falling apart. Other Wendy's sandwiches can be ordered on the kaiser bun.

To package the burger, the company developed a clamshell-shaped foam container that resembles the Big Classic bun. The package is designed to keep the burger hot while holding the condiments and bun in place without crushing them.

Wendy's
BIG
Classic

The Big Classic: According to Wendy's, "This is the Good Stuff."

Consumers also had a hand in naming the sandwich. More than 500 names were suggested before the final decision was made. "The 'Big' is because it's a big sandwich," says Packer. "And 'Classic' because that's what we think it's going to become."

—Howard Schlossberg
—Brad Stratton

R&I DATA

AVERAGE MENU PRICES: SANDWICHES AGAIN SHOW MOST INCREASES

R&I tracks average selling prices for a variety of menu items at restaurants across the country. While beverage prices were steady or even down in a few cases, sandwich prices again showed slight increases from the August survey.

Item	Full service	Fast food	Hotel/ motel	North-east	South	North Central	West
Beverages:							
Coffee	$ .60	$ .45	$ .74	$ .59	$ .61	$ .56	$ .64
Iced tea	.64	.58	.77	.66	.71	.61	.69
Soft drinks	.74	.59	.78	.66	.75	66	.75
Beer	1.57	1.07	1.59	1.41	1.89	1.24	1.59
Wine (glass)	1.64	1.37	1.77	1.48	1.71	1.60	1.89
Sandwiches:							
Hamburger	2.95	1.65	3.97	2.72	3.13	2.76	3.62
Cheeseburger	2.97	1.74	4.21	2.86	3.28	2.95	3.33
Ham & cheese	2.74	2.02	3.74	2.78	2.74	2.75	3.11
Club	3.77	2.41	4.57	3.85	3.73	3.50	4.36
Fish	2.86	1.75	4.04	2.54	2.84	2.34	1.76
Chicken patty	2.78	2.14	3.80	2.62	2.66	2.61	2.34
Other:							
Chili	2.53	1.31	2.10	2.53	1.70	1.45	1.45
French fries	.93	.76	1.71	1.81	.86	.89	.87
Scrambled eggs	1.47	1.06	2.30	1.74	1.89	1.32	2.57

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RESTAURANTS & INSTITUTIONS

HUMAN RESOURCES

ACF Gains Momentum

American Culinary Federation members applaud toughened standards, recognize achievements.

Lt. Gen. John D. McLaughlin, U.S.A. (Ret.), pres. of L.J. Minor Corp., which funded the ACF's new CEC ring design, presents a ring to Pres. Baron Galand.

As coordinator of education for the American Culinary Federation's Educational Institute, Bill Jacoby's new position signals an intensification of the ACF's already-serious commitment to its educational program.

"It is critical that we expand our blossoming program of accrediting culinary arts schools," Jacoby says. "If we as professional chefs do not structure chef education, others less knowledgeable will be glad to."

Apprenticeship is a key part of the ACF educational program, of course, and one that requires constant, effective communication. "I will be working very closely to maintain good communication between the national office and the local apprenticeship chairs," Jacoby says.

Apprenticeship Right on Mark Today

Although many adults want to start college or return to it, three out of four believe college costs are headed out of the average person's reach, according to a survey sponsored by the Council for the Support and Advancement of Education and the New England Board of Higher Education.

Half of the 1,004 survey respondents said they feel less able to pay for college today than they did five years ago. More than two-thirds said they would choose a vocational-technical school, a four-year public college or a community college over a private college.

—Elizabeth Faulkner

AMERICAN CULINARY FEDERATION
CEC

The exclusive gold CEC ring can be worn by qualified certified executive chefs.

R&I DATA

WHAT IS A TRAINEE WORTH? CONSENSUS ELUDES INDUSTRY

Management-trainee salaries reported in September are a telling sign of the industry's ambivalence toward its labor investment. Operators in the West offered trainees an average of $21,832; those in the South, $10,855.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	$26,746	$29,412	$25,410	$27,909	$27,197	$29,811
Manager*	23,230	20,095	19,590	15,132	20,656	18,761
Asst. manager*	17,106	14,796	14,898	15,594	15,556	15,392
Mgmt. trainee*	15,143	14,196	10,855	21,832	16,759	11,647
Cook**	254	192	180	217	202	215
Dishwasher**	171	138	144	150	148	154

Key: *annually ** weekly

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8MM VIDEO: WAVE OF THE FUTURE

While employers all over the country waffle on what format to go with for employee-training videos, Pizza Hut has boldly launched a national video network based on 8mm equipment.

To support its move into large-scale delivery, the company purchased 600 sets of 8mm recorders and players to put in their delivery units and in metropolitan customer-service centers.

"We're establishing a new network of delivery units, so it makes sense to go with the format of the future" says G.E. Lessard, director of delivery training. "The format's size and the obvious cost savings in storage and mailing are important to us."

By the end of this year, more than 10,000 Pizza Hut employees will be trained with the aid of 10 initial videotaped programs on topics such as company orientation for new employees, product preparation, driver training, workplace safety, customer relations and management skills. The company's previous training program was based on films and slides. *—E.F.*

ACTION EXPRESS

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R&I REPORT

FOOD COURT SALES

The top 10 food categories at food courts ranked by average reported sales volume.

	'85	'86
Hamburgers **$302,955**	3	1
Chicken **$300,000**	2	2
Pizza **$296,516**	1	3
Cookies **$262,516**	9	4
Oriental **$258,864**	4	5
Mexican **$238,182**	7	6
European **$229,167**	10	7
Seafood **$227,083**	13	8
Other **$224,653**	15	9
Hot dogs **$224,603**	8	10

Source: CARLSONREPORT, June 1986

FOOD COURTS

Food Courts Face Fine-Tuning

Tenants' operating costs cutting too heavily into profit margins.

The popularity of shopping-mall food courts appears to have peaked, so shopping-center management is trying to fine-tune foodservice operations in hopes of solidifying business.

Harold Carlson, publisher of the CARLSONREPORT for shopping-center management, says he has seen some astute center managers close down food-court operations and spread foodservice throughout the mall to create cross-traffic for operators.

Carlson has identified other problems facing food-court landlords and operators in the coming months.

Chain growth: In what started out as an independent's market, fast-food chains are popping up more and more in food courts. It is one way landlords assure themselves of staying power in a tenant. But Carlson perceives chains as "neutron bombs" in a shopping-center food court. "They are so dominant that kids are going to gravitate there," says Carlson. "Their pricing structure is geared to a small profit on big volume. But the independents can't operate that way."

Price sensitivity: Carlson sees this as a growing problem because he does not see occupancy costs in food courts coming down. But if failures increase, landlords will have to react. Rather than saddling the food-court operator with all the extra occupancy costs, costs can be spread among all mall tenants. After all, food courts keep customers in the mall longer.

Too many choices: With the wide assortment of products, customers sometimes have too many choices. Decisions are hard to make, or not made at all. Carlson is beginning to hear "smaller is better than bigger." By cutting the number of units to seven or eight instead of 12 to 15, consumers' decisions are easier to make.

Burdensome operating costs: There are costs unique to food courts. Common busing is a big problem because operators insist they can handle the job better than expensive mall crews by cross-utilization of their own labor staff.

Health concerns: By digging deeper into a less-qualified labor pool, there is a greater degree of carelessness in handling of products. Carlson also says there is less supervision and growing concerns about the transmission of AIDS.

Even with these problems, there continues to be a need for food outlets in shopping centers because they offer a competitive advantage. Expect to see more food courts in more centers, particularly with many 15-year-old centers due for remodeling.

—*Jeff Weinstein*

The faces of food courts are changing to meet new industry concerns.

FUDDRUCKERS FUDDRUCKERS
FUDDRUCKERS FUDDRUCKERS

R&I CONSUMER SURVEY

GOOD NEWS

Consumers continue to report that eating out is an essential part of a can't-do-without life style.

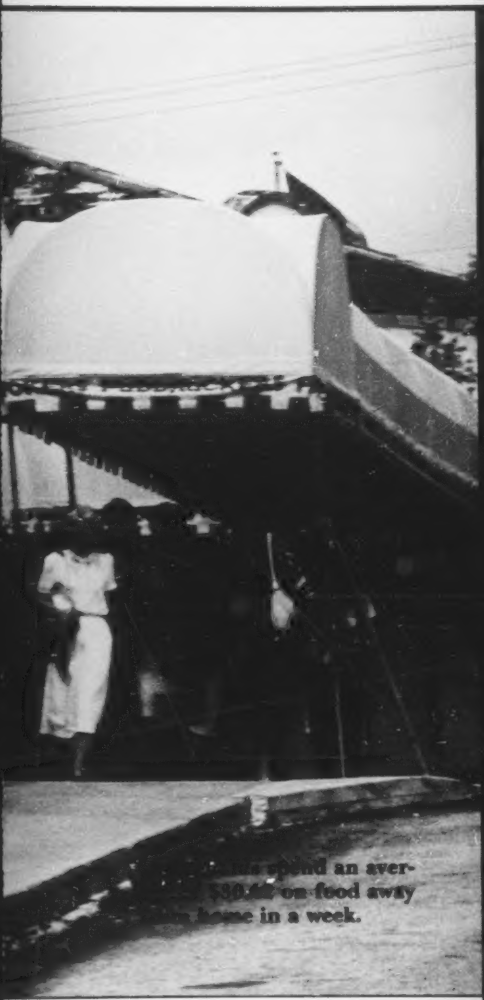
Americans love to eat out. And *R&I*'s exclusive "Tastes of America" survey explores their habits, attitudes and choices.

It chronicles the life-style changes that are having a major impact on the foodservice industry. Americans still want to have it all, but how and where they get it appears to be changing.

The country is moving at a fast pace and convenience-oriented operations are cashing in. Americans have fallen in love with video, fueling tremendous growth for takeout and delivery operators. And the working mother continues to be the backbone of industry growth.

The number of *R&I* survey respondents reporting that at least one family member had eaten out in the past week made a dramatic increase in 1986. And

RESTAURANTS & INSTITUTIONS



[illegible] spend an aver- [illegible] $30.[illegible] on food away [illegible] home in a week.

SO WHY ARE TRAFFIC COUNTS FLAT?

While industry analysts tell of flat sales and depressed stock prices in 1986, consumers indicate eating out is more popular than ever. This year, 95% of *R&I* respondents reported at least one family member had eaten out in the past week, up dramatically from 84.1% in 1985. Of those under age 30, 99.4% ate out at least once a week. Even at the low end, 87.9% of those over age 65 ate out in the past week. Consumers spent more of their food dollar away from home this year (26%, up from 24.9% in 1985). They also ate more of their meals away from home (23.7%, up from 22.5% in 1985).

Have you eaten out in the past week?

the outlook for 1987 is encouraging.

As in the past, the survey was conducted for *R&I* by National Family Opinion, a market research firm based in Toledo. Surveys were mailed in early June to 2,000 households that conformed with the latest census data. Tabulation of 1,400 replies began in late July.

The "Tastes of America" report is available from Liz Adams, (312) 635-8800, at the following rates: National Consumer Survey of Eating-Out Habits—$350; National Consumer Survey of Chain Patronage and Preference—$350; Demographic Profile of 74 Individual Chains—$200 per chain; Executive Summary Showing Five-Year Trends—$200; Food-Ordering Demographic Profiles on 53 Different Foods—$200 per food.

—Jeff Weinstein
—Monica Kass

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TASTES OF AMERICA

**THE TIMES,
THEY ARE A CHANGIN'**

***R&I* asked consumers how their eating habits are changing. Here are their answers:**

59% are more concerned with nutrition than they were last year.

52.6% eat smaller portions.

31.1% prepare more frozen foods in a microwave.

28.9% skip more meals.

27.7% eat meals without traditional entrees.

16.6% buy more food at supermarket delis.

11.9% eat more frequently.

Foodstuffs
Foodstuffs
Foodstuffs

In the West, 13.5% of R&I respondents bought gourmet takeout in the past month.

Eating Out on the Rebound

Eating-out frequency increased 1.4% in 1986 after falling 1.3% in 1985. The outlook for next year appears favorable: 13% of consumers polled plan to eat out more often in 1987, up 1.7% over last year. Of those under 30 years old, 18.3% plan to eat out more often next year. But in the 30 to 39 age bracket, only 10.1% say they will eat out more often next year.

For the fifth straight year, the number of consumers who see eating out as a good value increased. This year, 12.2% say eating out is a good value, compared to 10.6% in 1985.

The comforts of home notwithstanding, 68.5% of *R&I* respondents say eating out is a very enjoyable experience, up from last year's total of 66.7%. Staying at home and ordering food in was very enjoyable for 25.8% in 1986, compared to 22.2% in 1985.

Lunch Scores with Consumers

Breakfast is no longer the fastest growing daypart. This year 50% of all meals eaten away from home in a week are lunches, compared to 47% in 1985. Breakfast accounts for only 10% of all meals today, down from 12% in 1985. There was no change in the dinner meal, garnering 24.9%.

More business deals are made over a meal this year than last. Business meals accounted for 12.6% of meals eaten out

&RESTAURANTS
INSTITUTIONS

Foodstuffs

in a typical week.

And who are consumers eating with? The survey shows that they eat 22.7% of their restaurant meals alone, 21 6% with co-workers, 20.6% with a friend, 16.6% with a spouse, 10.2% with children and 8.7% with a spouse and children.

Full Service Shows Strength

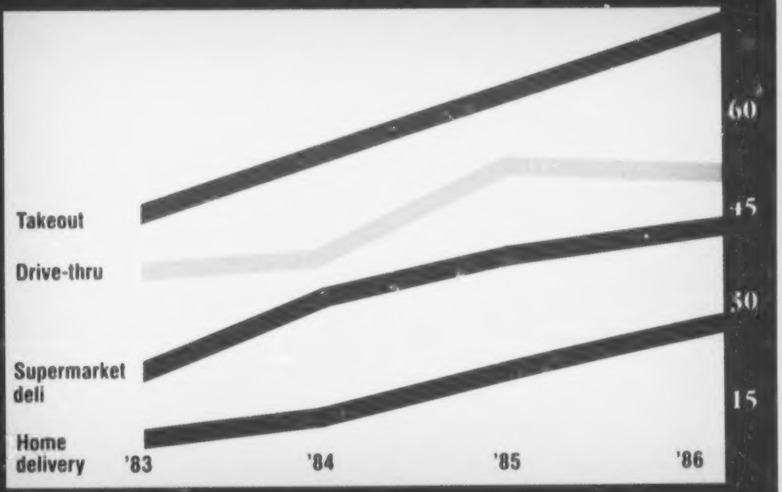
Fast-food restaurants are still the biggest drawing card in the industry: 39.7% of all meals eaten away from home in the average week are purchased there. Full-service restaurants made up some ground by drawing 30.6% of the business after slipping from 31.7% in 1984 to 27.6% in 1985.

continued on page 42

A NEW GENERATION ON THE MOVE

Speed and convenience are important to today's consumer. Consider this: 80.8% of households with four members purchased food for takeout in the past month.

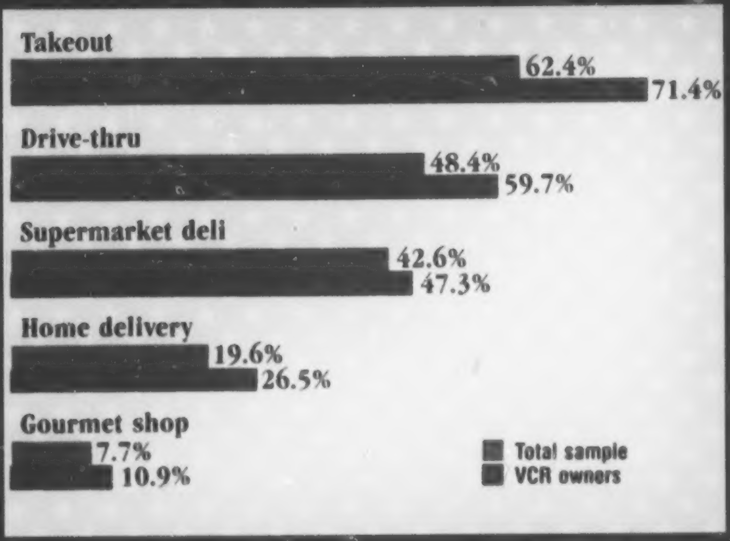
% of respondents who patronized in the past month.



DINING BY VIDEO LIGHT

The video revolution is keeping consumers at home, playing a big part in the growth of takeout, delivery and convenience foods, especially with the under-30 group.

% of respondents purchasing in the past month:



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TASTES OF AMERICA

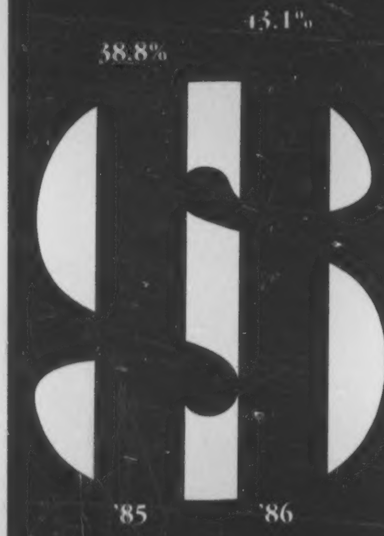
Young Singles More Tolerant?

Though most singles rate the meals they eat out an average value, operators must be doing something right. More singles find eating out a very enjoyable experience this year than did last (64.6% in 1986 compared with 53.9% in 1985). And young singles are a large part of the reason: Last year, 60.7% of the young singles surveyed very much enjoyed eating out. This year 71.6% found eating out a great experience.

Perhaps singles are becoming more tolerant? Last year, 37.9% of the young singles surveyed complained about menu prices. This year, prices bothered 36%. And while portion size bothered 36.3% of the young singles last year, this year fewer (31.5%) complained.

The same applies for older singles in at least one category: dim light. Either restaurateurs brightened up their establishments this year, older singles' eyesight improved, or they have slipped into a more romantic mode. Only 34.5% were bothered by dim light compared with 47.4% last year. However, older singles were considerably more irritated this year by noisy restaurants. Last year, only 24.6% of the older singles surveyed found noise levels disturbing compared with 32.2% this year.

Singles enjoy eating out more this year than they did last.

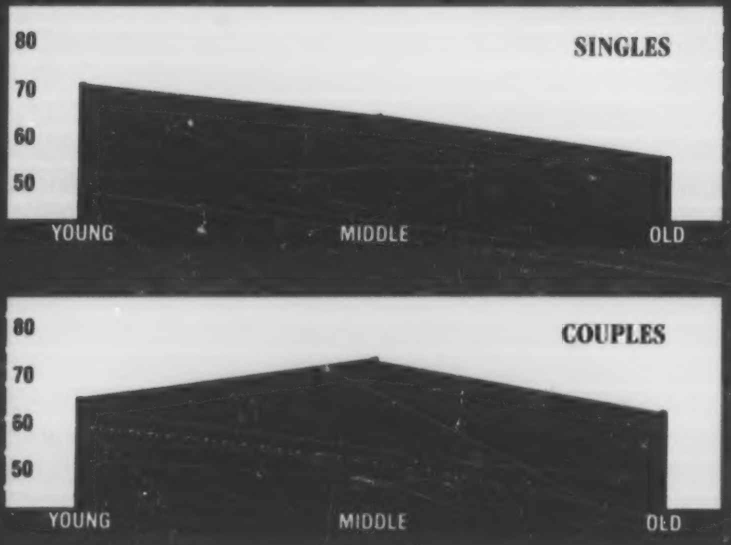


YOUNG SINGLES SPEND MORE, EAT OUT LESS

Despite the fact that the percentage of meals young singles eat out each week has changed very little (last year 35.8%; this year 37%), young singles are spending 4% more of their food dollar on meals away from home this year than last. Is it any wonder that fewer young singles think eating out is a good value? Last year 9.8% found eating out a good value; this year, 8%.

EATING OUT: NOT AS FUN FOR OLDER SINGLES

As they age, singles turn off on restaurants, preferring to fix dinner at home or eat at a friend's place. But childless couples' enjoyment of eating out keeps rising until after retirement.



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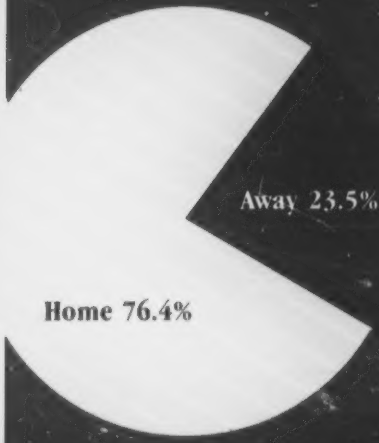
TASTES OF AMERICA

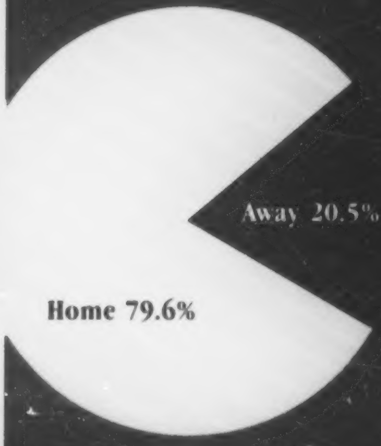
WHO EATS OUT MORE? ONE- OR TWO-PARENT FAMILIES?

The number of single-parent households is steadily increasing. In 1985, seven million single-parent households made up 8% of the total population; up from 4.5% in 1970.

% of meals eaten out



Two-parent households



One-parent households

Meals Out with the Kids Increase

There has been an interesting shift in the number of restaurant meals parents eat with their children. In 1985, young parents ate out with the children 26.3% of the time. This year, that figure rose to 45.6%. The same applies to middle parents (head of household under 45; youngest child over 6) who this year shared 45.3% of their restaurant meals with their children, compared with 30.1% last year. But older parents are eating out with the kids a lot less: Percentages dropped from 43.9% in 1985 to 28.6% in 1986.

Middles Not So Middle-of-the-Road

Of the three family groups with children in the household, middle parents seem to be the most dissatisfied with the experience of eating out. While the number of young and older parents who find eating out a very enjoyable experience increased this year, the number of middle parents who enjoy eating out dropped from 74.9% to 70.2%.

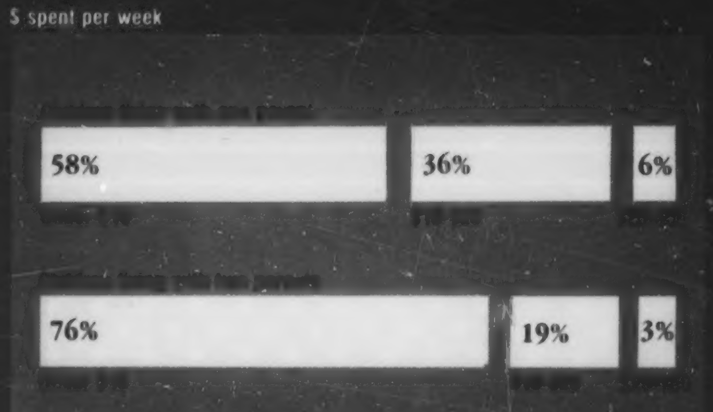
Single-parent households eat out more than two-parent households.

In addition, middle parents spent less money per week on meals away from home this year than they did last year. In 1985, 8.4% of the middle parents surveyed spent less than $10 a week on meals away from home while 43.4% spent $10 to $25. In 1986, 14.9% spent less than $10 while 33.8% spent between $10 and $25.

This year, middle parents seem happier staying at home. *continued on page 50*

WHAT ABOUT THE CHILDREN?

Children from one-parent households spend more on food away from home than children from two-parent households.



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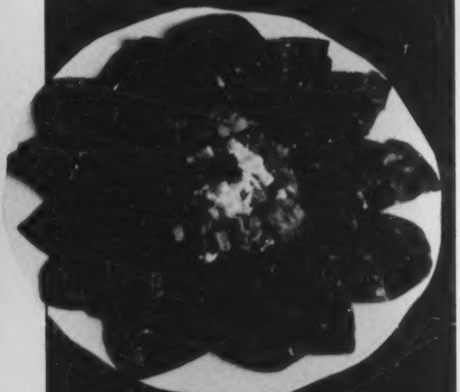
TASTES OF AMERICA



VEGETARIAN IS AS VEGETARIAN DOES . . .

Last year vegetarian food was big with young singles. Twenty-eight percent said they would be interested in ordering it, compared with 17.1% on the average. But either young singles tried vegetarian food and didn't like it or they were short on staying power: This year only 15.7% of the young singles surveyed were interested.

Now older working couples are most interested in vegetarian fare. Twenty percent said they would be interested in ordering vegetarian food if it were available, compared with the 13.7% who were interested last year. And giving this year's pledge of interest some weight, older-working couples ordered salads more frequently than any other group surveyed this year—94.7% compared to the 86.5% average. They also ate fresh vegetables more than the average customer.

Meal Skippers and Fast-Food Fans

Their mothers told them better but . . . young, childless couples prepare more frozen foods in microwave ovens than their elders, skip more meals and omit traditional entrees more frequently. They eat between meals more, too. In answer to a question about changing eating patterns, 16.9% say they are eating more times throughout the day —more than any other group.

Young, childless couples eat more meals (53.2%) in an average week at fast-food restaurants than any other group (39.7% average), order food for home delivery more than any other group (35.4% compared to a 19.6% average) and also are biggest on takeout (80.8% compared with 62.4% average).

Young Couples Least Nutrition-Conscious

They might be eating a lot of salads (46.9% compared to the 41.9% average), but it is probably a gesture to make up for all of the pizza they consume. Seventy-five percent of the young childless couples surveyed eat food from pizza parlors compared with 29.3% of the older-working and 19.3% of the older-retired couples.

Young couples: most fast food.

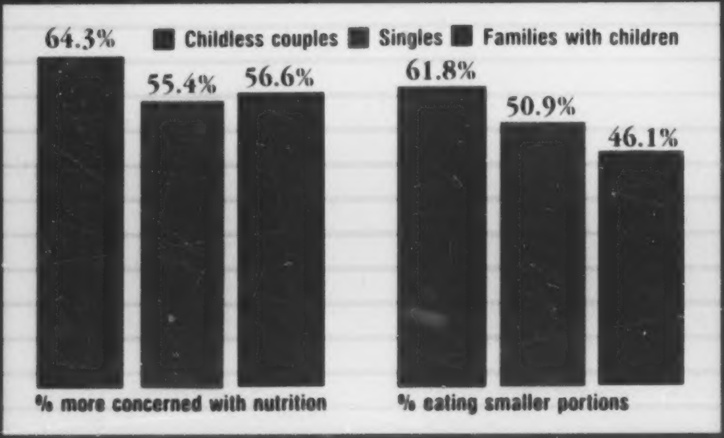
In fact, of the childless couples surveyed overall, young ones are least concerned with nutrition (51.5% compared with a 70.7% combined average of the other two groups). They also spend more per week on meals away from home than do older working or retired couples (18.3% compared with 9.4% combined average).

And what about romance? Most of the meals young couples eat out are shared with co-workers: 33.2%. Meals eaten out with spouses lag behind at 19.9% compared with the 40.5% and 66.1% of restaurant meals older working and older retired couples share.

continued on page 54

COUPLES BIG ON NUTRITION, SMALL ON PORTION

Though young childless couples are less interested in nutrition than their elders, taken as an all-ages-included group, childless couples will order more healthful foods this year than others and will want smaller portions.



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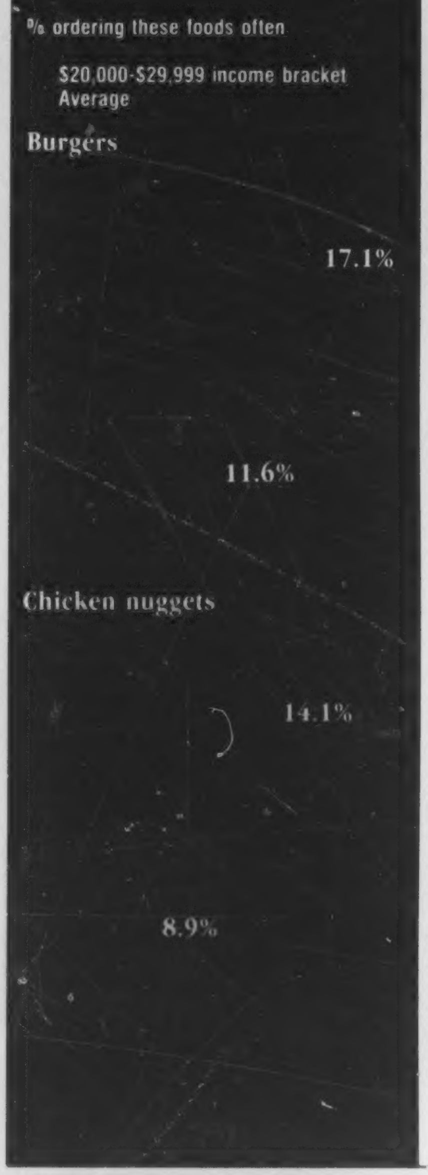
TASTES OF AMERICA

LOWER-MIDDLE HIGH ON FAST FOOD

Customers in the $20,000 to $29,999 income bracket favor fast-food restaurants over full-service (77.3% of the group patronized a fast-food operation in the past week, while only 67.7% patronized a full-service restaurant).



Fast-food restaurants most popular with lower- to middle-income customers.

Mid-Income: Vegetables Yes, but Sweets, Too

Though a significant percentage of lower- to middle-income workers say they are ordering hamburgers and french fries more frequently this year than they did last, the group also is more interested in healthful foods.

Consumers earning less than $29,999 say they are more interested in ordering foods low in fat and cholesterol this year than last (45.6% showed interest last year; 50.8% showed interest this year). Their interest in low-calorie and low-sodium food also is rising. Last year 42.1% said they might order low-calorie foods if they were available; this year 47.5% would.

In fact, this year lower- to middle-income consumers are ordering more salads and vegetables each month than they did last year. In 1985, 38.8% ordered salads in the past month; this year 43.8% did. Last year 17.9% ordered fresh vegetables sometime during the month; this year 21.8% did.

But while they might be increasing the amount of healthful foods they order, the lower- to middle-income group is not giving up desserts. For example, last year 10.1% admitted they had ordered ice cream more frequently than in previous years. This year that figure jumped to 14.2%. And their interest in low-sugar foods might be dropping. Last year 37.5% said they would be interested in ordering low-sugar foods if available. This year 36.6% were interested.

Eating Alone

The number of meals consumers eat alone continues to rise, no matter what their salary. In 1985, 19% of the total meals consumers ate in a restaurant during one week were eaten alone. This year 22.7% were eaten alone.

The two groups eating the most meals alone are the lowest and highest income groups. In one week, consumers making less than $12,500 ate 28.9% of their restaurant meals alone. Customers making $60,000-plus ate 29.4% of those meals alone. By contrast, middle- to upper-middle-income consumers (those who make $30,000 to $44,900) ate 18% of their meals alone.

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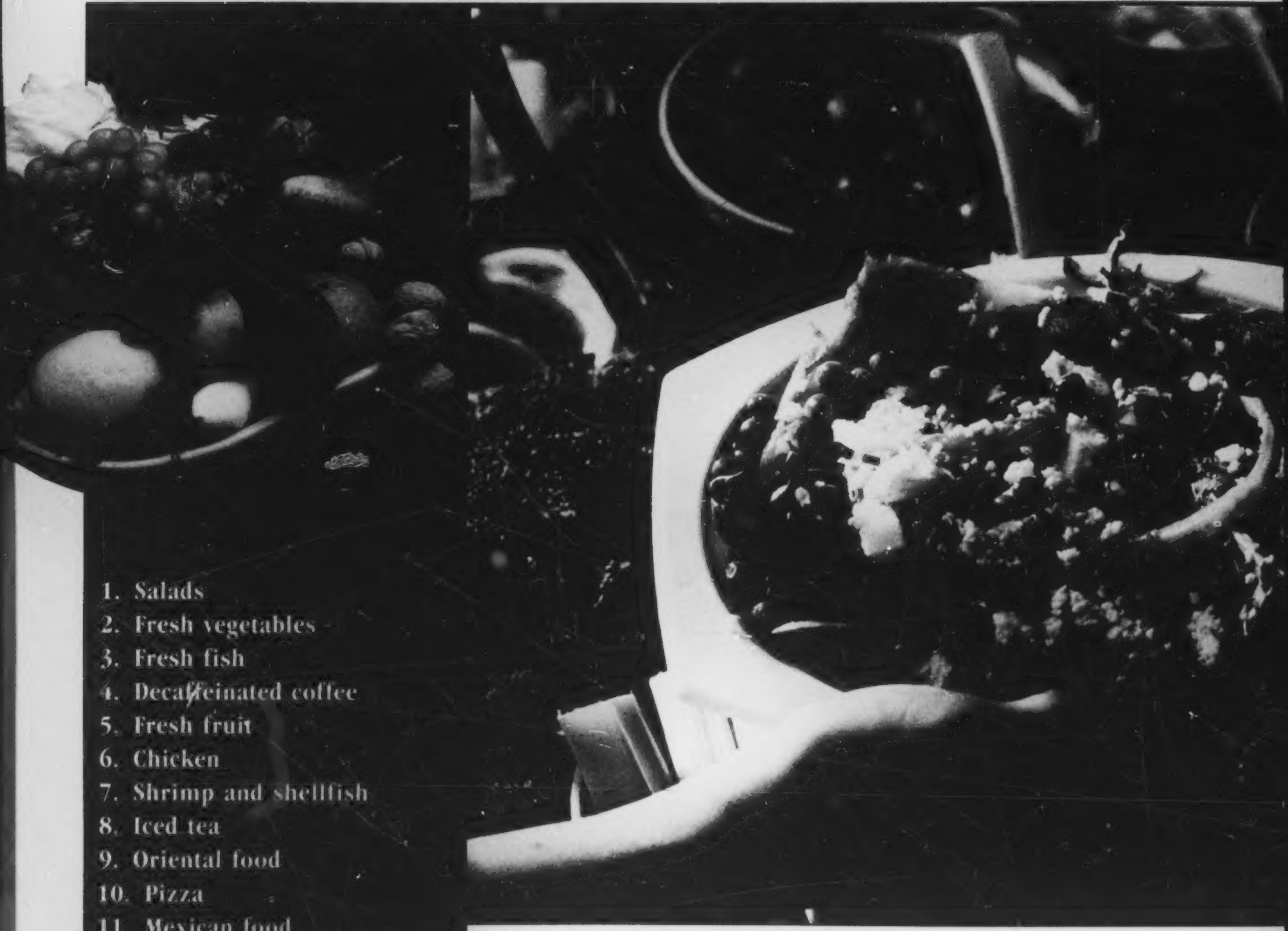
For information circle 17 ⟶

TASTES OF AMERICA



1. Salads
2. Fresh vegetables
3. Fresh fish
4. Decaffeinated coffee
5. Fresh fruit
6. Chicken
7. Shrimp and shellfish
8. Iced tea
9. Oriental food
10. Pizza
11. Mexican food
12. Soups

■ R&I CONSUMER SURVEY

AMERICA'S CHOICE IN FOOD

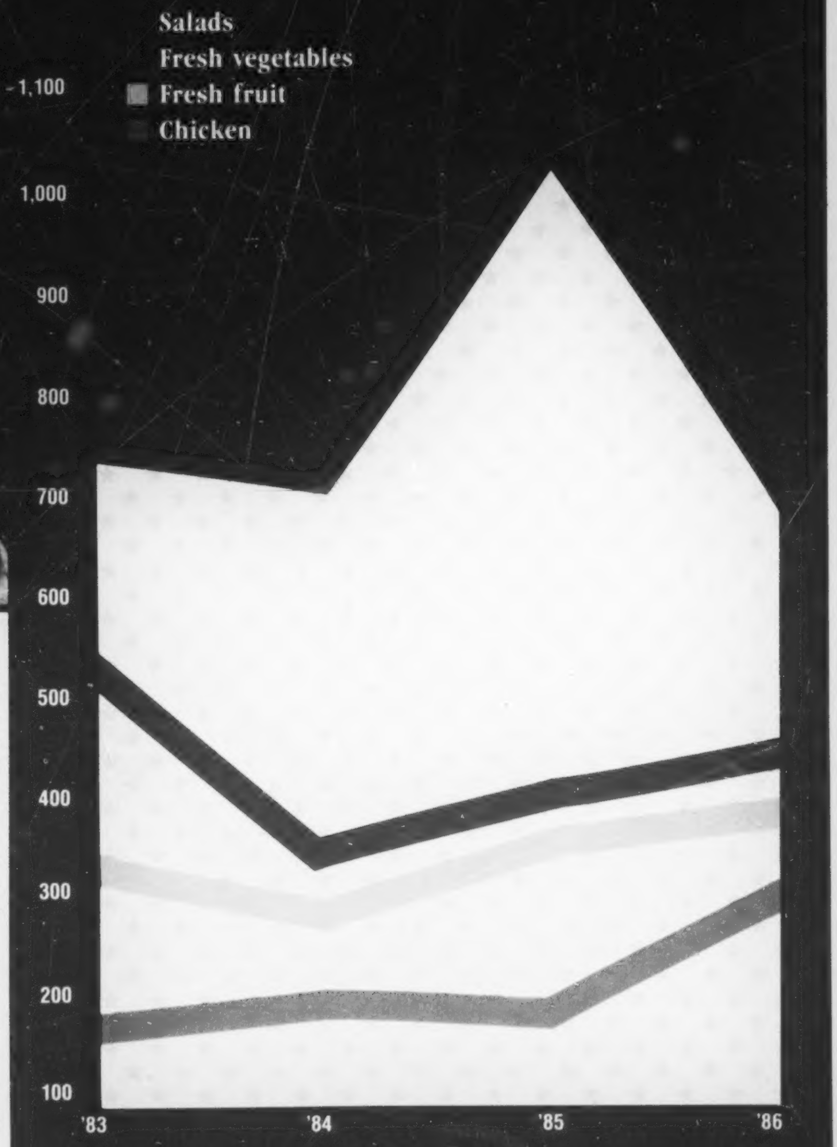
Decisions, decisions: R&I explores moment of truth when consumer meets menu.

RESTAURANTS & INSTITUTIONS

Salad bars: Customers think the price is nice.

HAVE SALADS BEGUN TO WILT?

Still way ahead of other menu items, salad's growth has slowed in the past year. Fresh fruits, vegetables and chicken (high scorers still gaining in popularity) exhibit different stages in their product life cycle. An index of 100 means that equal numbers of respondents say they order a food more often and less often.



Once again *R&I* has asked the American consumer what foods he orders when he eats out, what foods he finds himself ordering more often or less often now than before, and what foods he would order if he could find them on a menu.

And once again, the answers are a paradox: Food choices are at once intensely conservative and capriciously fad driven. They are decisions rationally made and they are totally illogical.

Operators making the daily menu decisions that keep up with this consumer or get one step ahead of him will find much that is useful in the pages that follow. What foods are growing in popularity? Which are slipping? Where are the unmet needs, the unserved niches? Here is a lesson in reading the customer as he reads the menu.

—Robert Keane

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TASTES OF AMERICA

Customers Still Crossing the Road for Chicken

Chicken has long been one of America's favorite foods and its popularity continues to grow. This year close to one-third of the population indicated that they were ordering chicken more often than in the past. The greatest growth was among those at the highest income levels, who also tend to eat out the most often. For consumers with incomes greater than $60,000, the Growth Index was 1,059, which indicates that 46% of this segment are ordering chicken more often while only 4.5% are ordering it less.

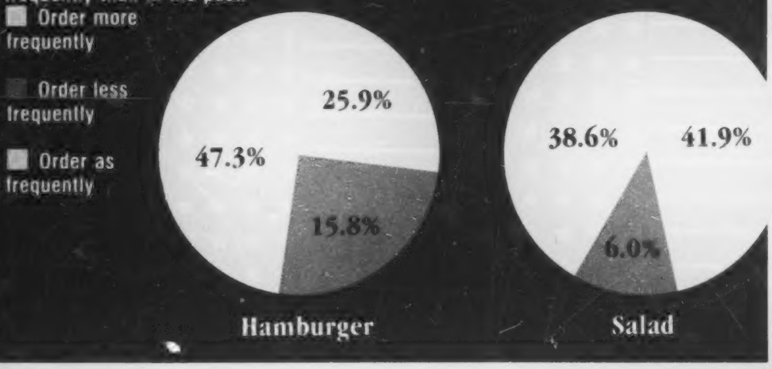
Chicken nuggets and patties have undoubtedly added to the increased popularity. They go over especially well in households with children. More than 16% order these items often.

Pizza's Piece of the Pie Continues to Grow

The proliferation of microwave ovens and VCRs in American households and the availability of home delivery has almost certainly been a factor in pizza's growth this year. Pizza is ordered more than once a month by 44% of microwave owners and 49% of VCR owners. Approximately one-quarter of these consumers indicate that they are ordering pizza more often. *continued on page 70*

CAN SALADS TOP BURGERS AS MOST-ORDERED ITEM?

Hamburgers and salads run neck-and-neck as the two most frequently ordered menu items but, if current eating trends continue, salads might soon surpass burgers. Only 15.8% of consumers are ordering burgers more often than last year. Salad orders, however, are on the upswing. 41.9% are ordering them more frequently than in the past.



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Chicken and fries: a long-running act.

Hamburgers and pizza, among America's most popular foods, are still growing in popularity. Gourmet pizza and specialty burgers, however, were ordered by fewer people this year than last. The best customers for both gourmet pizza and specialty burgers are young singles and couples, particularly the more affluent among them.

TASTES OF AMERICA

AND IF YOU BELIEVE THIS

Especially popular among consumers who identify themselves as nutrition-minded are shrimp and shellfish, Oriental food and iced tea. Mexican food and soups also are among their favorite menu items. Desserts, however, are virtually off their list—or so they claim.

All That's Good to Eat Is Not Green

Even among those who say they are more concerned with nutrition than they used to be, the hamburger remains the most commonly ordered food, beating out salads by a small fraction. And no matter what new priorities Americans espouse, when they eat out, they want familiar foods that taste good. Nutrition-conscious consumers order french fries more often than fresh fish, and ice cream more often than fresh fruit or vegetables. Soft drinks are still high on the list.

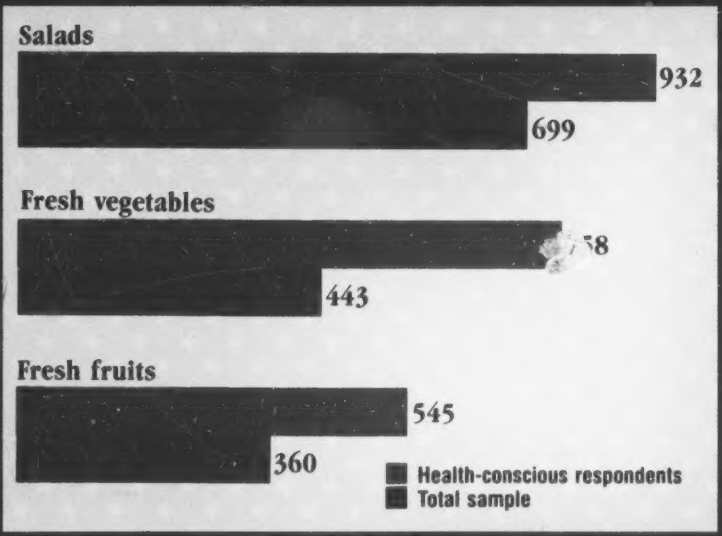
The nutrition-minded are slightly more likely than the general public to order steak, lamb and other meats when they eat out. They also order more Italian food, regular coffee, soups and sandwiches. So while it might be true that more people than ever are aware of the importance of nutrition and have taken some steps to change their habits, the transformation is far from complete.

continued on page 74

Fitness buffs choose foods carefully.

HEALTH-CONSCIOUS CUSTOMERS ORDER THE RIGHT STUFF

Respondents concerned with health (now 60% of the total) order fresh fruits and vegetables much more frequently than the average consumer. An index of 100 means that equal numbers say they order a food more often and less often.



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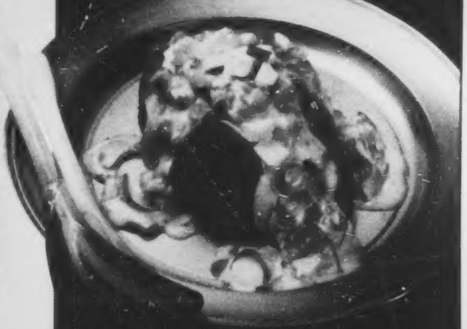
TASTES OF AMERICA



NO HALF-BAKED IDEA

Baked potato entrees were the most frequently ordered of the specialty items tracked by *R&I* this year. They were most popular in the South, whose consumers ordered 40% of all baked potato entrees. They also were well-received at the lower end of the income spectrum. Households with incomes less than $20,000 ordered another 40% of them.

Regional Preferences Still Offer Uncracked Markets

Although they have nationwide following, several regional favorites remain strongest in their home states. One-fifth of *R&I* respondents overall order barbecue sandwiches and sausage biscuits. In the South, more than 31% of consumers choose both items, while in the Northeast less than 10% do.

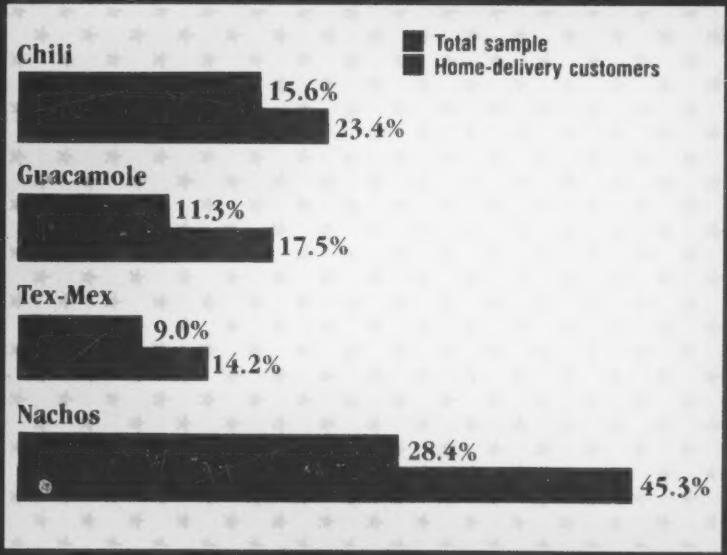
Singles and Parents Order Differently

Singles and parents in the same age group are likely to order different food away from home. Singles choose Cajun food, chicken wings and other spicy fare more than five times as often as parents. Couples with children on the other hand order twice as many baked potato entrees and croissant sandwiches as their single counterparts.

Nachos: once a fad, now a fixture.

A DEMAND WAITING TO BE SUPPLIED

Consumers who buy food for home delivery show more interest in Mexican foods than the average consumer. The typical home-delivery fan is married with children, lives in the Midwest or the South, and makes $20,000 to $45,000 a year.



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■ R&I CONSUMER SURVEY

THIRSTS OF AMERICA
Patrons polled on beverage choices say, 'Let there be light'

The health and fitness craze, along with the concerns generated by tough drunken-driving legislation, continue to change the type of beverage alcohol consumers order away from home. For the second year in a row, more than 90% of households in the Tastes of America survey report ordering less alcohol when eating out. Yet there are bright spots for restaurateurs who count on bar receipts to boost profits.

While some patrons might be steering away from hard liquor, many are turning to alternatives such as wine coolers, light beer and specialty nonalcoholic fruity drinks, many of which can carry premium prices. In addition, 7% of consumers say they are ordering dessert—often a high mark-up item—where they would not have in the past.

The survey also revealed a large per-

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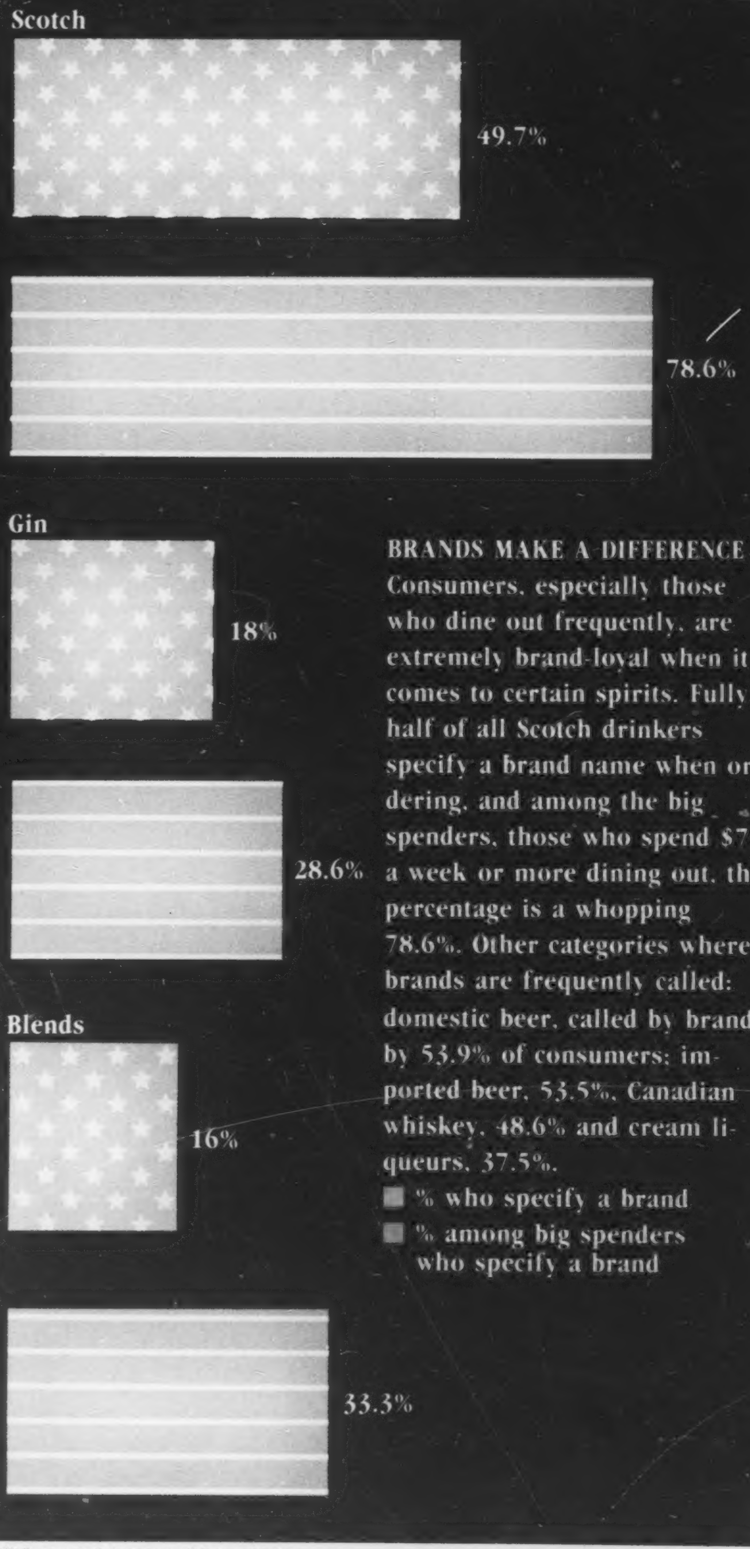
Young singles spend more on alcohol consumed away from home.

centage of consumers who call a brand name of liquor when ordering a cocktail or mixed drink, particularly those made with whiskey, cordials and liqueurs. This offers another opportunity for operators to recoup some beverage dollars by charging a premium price for called brands.

While most Americans continue to spend more on liquor to be consumed at home than liquor consumed while eating out, operators can target their advertising dollars to young singles, the majority of whom say they spend more away from home than at home. When drinking away from home, friends tend to be the most frequent drinking partner, followed by spouse and co-workers.

—Maureen Pratscher



BRANDS MAKE A DIFFERENCE
Consumers, especially those who dine out frequently, are extremely brand-loyal when it comes to certain spirits. Fully half of all Scotch drinkers specify a brand name when ordering, and among the big spenders, those who spend $75 a week or more dining out, the percentage is a whopping 78.6%. Other categories where brands are frequently called: domestic beer, called by brand by 53.9% of consumers; imported beer, 53.5%, Canadian whiskey, 48.6% and cream liqueurs, 37.5%.

- ▨ % who specify a brand
- ▤ % among big spenders who specify a brand

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LIQUID ASSETS

WHITE WINE:
THE UNIVERSAL BEVERAGE?

Certain types of alcohol appeal to a larger percentage of the population than others. White wine, for instance, is ordered occasionally by 72.7% of consumers, whereas Scotch is ordered by only 29.1%. Here is a rundown of who orders what alcohol:

72.7%	White wine
69.8%	Domestic beer
63.9%	Red wine
63.5%	Light beer
60.3%	Vodka
55.3%	Imported beer
54.7%	Rum
53.3%	Wine coolers
52.0%	Gin
49.5%	Sparkling wine
48.5%	Tequila
46.6%	Cordials/liqueurs
44.7%	Bourbon
44.6%	Canadian whiskey
43.7%	Cream liqueurs
42.2%	Schnapps
41.5%	Cognac/brandy
39.8%	Blends
29.1%	Scotch

Singles' Bars Really Earn Their Name

Most Americans say they spend more on alcohol to be consumed at home than they do on alcohol purchased when they eat out, but just the opposite is true among young singles. More than 38% of young singles say they spend more away from home, while only 27.6% say they spend more for alcohol at home. The reason? Singles are purchasing more than a beverage to quench their thirst when they drink away from home. They also are buying atmosphere, entertainment and an opportunity to make new friends.

Wine Coolers Show Biggest Increase

The two clear-cut winners in the survey are light beer and wine coolers. Nearly 22% of light beer drinkers say they are ordering more, compared to 20% who are ordering less. Among wine cooler drinkers, 32% are ordering more, while only 15.9% are ordering less.

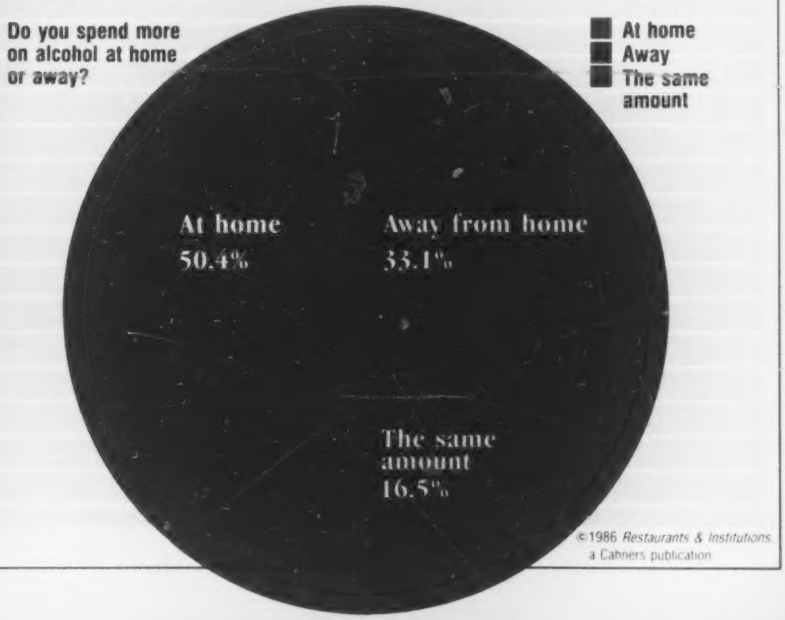
"White goods" as the clear spirits such as gin, rum and tequila frequently are called, are ordered more often than the "brown goods," such as Scotch, bourbon and whiskey. But don't discount the continuing popularity of the "brown goods". Nearly ⅔ of bourbon drinkers say they are ordering it as frequently as ever. Moreover the number of consumers ordering brandies, cordials, cognac is increasing. Also noted is the increased orders of flavored vodkas.

continued on page 86

Beer is the type of alcohol most frequently called by brand name.

DRINKING AT HOME BECOMES MORE PREVALENT

As law enforcement agencies and the courts continue to crack down on drunken drivers, Americans are becoming more cautious about drinking away from home. More than 50% say they spend more on alcohol to be consumed at home than on drinks purchased away from home.



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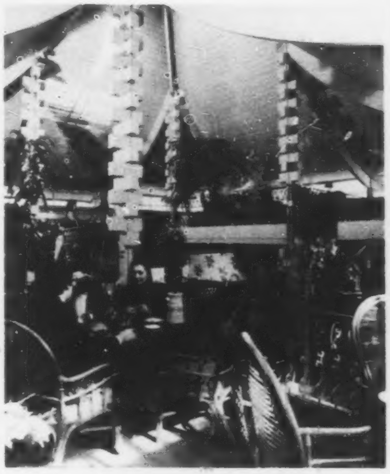
LIQUID ASSETS

SOFT DRINKS SLAKE THIRST
As Americans drink fewer alcoholic beverages, they are turning most frequently to soft drinks as an alternative. Forty-eight percent say they occasionally order a cola or lemon-lime drink instead of a cocktail. Other popular beverage alternatives include wine coolers, cited by 22.9%; sparkling water and club soda, 13.9%; and specialty non-alcoholic drinks, 6%. One surprising find: 7% say they now order dessert where they would not have before.

Executives Share More Drinks with Colleagues

Co-workers hoisting a brew at the corner tavern after the 5 o'clock whistle is a common scene in many television advertisements today. Yet, *R&I*'s Taste of America survey shows that co-workers rank third behind friends and spouses as drinking partners. The practice of sharing a cocktail with a co-worker is slightly more prevalent in the Northeast, where 24.3% say they drink with colleagues. As an employee moves up the corporate ladder, he is also more likely to drink with co-workers, although primarily at business lunches and dinners. Only 12% of those earning less than $12,000 say they drink with co-workers, while the figure is 24.6% for those earning $30,000.

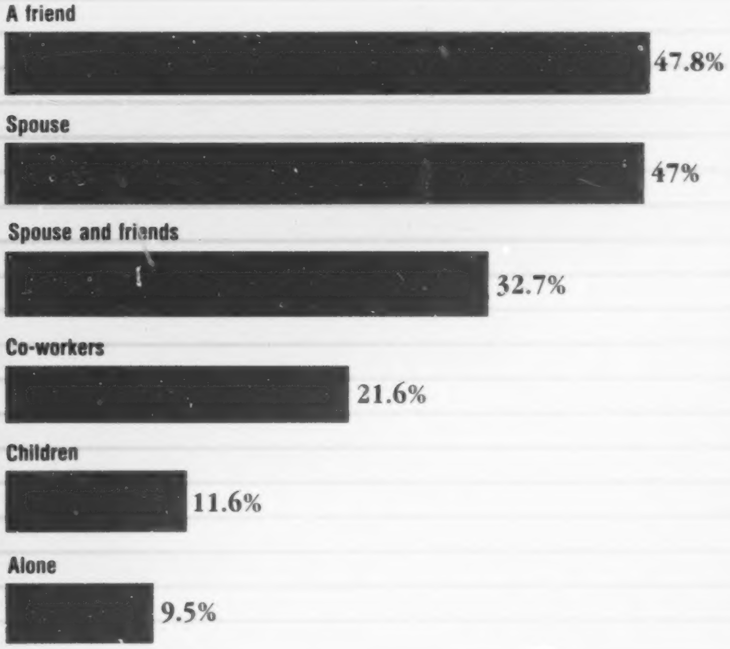


Spouses are frequent drinking partners, second only to friends.

FRIENDS MAKE THE BEST DRINKING BUDDIES

The term social drinking seems to most aptly describe American drinking habits. Nearly half of all respondents say they are with friends when they drink away from home. Less than 10% say they drink alone.

Who are you with when you order alcohol away from home?



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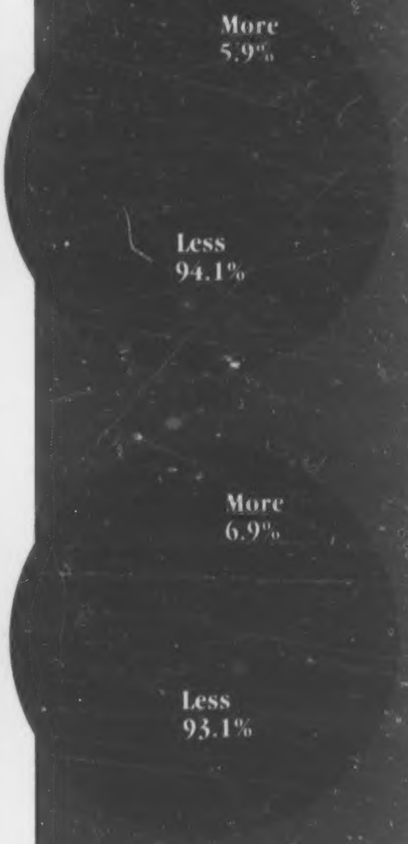
LIQUID ASSETS

ALCOHOL CONSUMPTION CONTINUES TO SHIFT

For the second year in a row, Americans report that they are drinking less than they have in the past. An overwhelming 94% of those answering the survey say their alcohol consumption has declined. Nearly a third of those say the amount of recent publicity about responsible use of alcohol affected the amount they drink when they eat out.

Are you ordering more or less alcohol when you eat out?



New Laws Curb Drinking in Northeast

Legislators in New England have been at the forefront of drunken-driving legislation, banning happy hour in Massachusetts and permitting roadblocks in other states, and the laws they have passed seem to be having the intended effect. Nearly 50% of Northeast residents who say they have decreased their alcohol consumption in the past year say that drunken-driving legislation was a major factor in the decision. Less than a third of those in the South, however, where drunken-driving legislation is slower in coming, say they have decreased their alcohol intake for that reason.

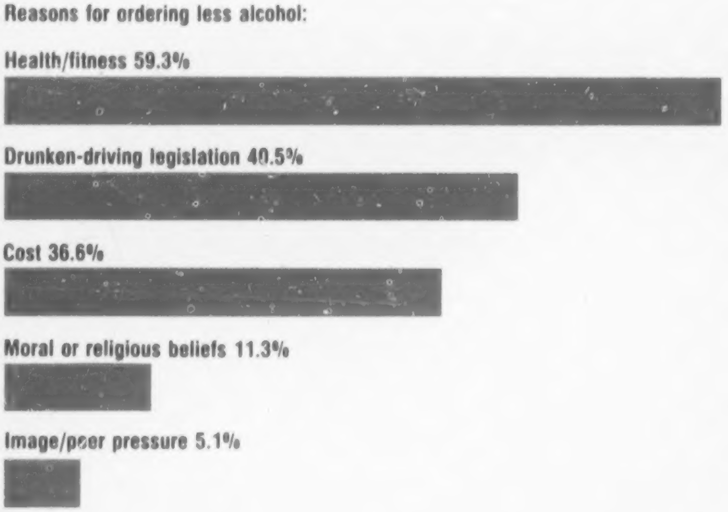
Yuppies Only Group to Increase Consumption

While overall liquor consumption is down, certain categories are showing increases.

Young couples without children are the only demographic group to show a significant increase in alcohol consumption away from home. Eleven percent of this group say they are ordering more alcohol when they eat out than in the past, compared to only 4.7% for the total sample. The only other group that even comes close is the young singles category, in which 6.6% say they have increased their consumption. The biggest decrease in consumption was noted among young parents, who are more tied to the home and have less disposable income.

FITNESS CRAZE CHANGES BEVERAGE CHOICES

Consumers cite a variety of reasons for drinking less alcohol than in the past, but the most common is a concern about health and fitness. Those over 40, particularly, list health as the dominant reason for drinking less.



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LIQUID ASSETS

MADD MAKES A DIFFERENCE
Although their campaign has become less vociferous in the past year, Mothers Against Drunk Driving still can be credited with pushing the issue of drinking and driving into the public spotlight and, in turn, causing a decline in alcohol consumption.

Those in the Northeast, particularly, say the recent publicity about responsible use of alcohol has affected the amount they drink when they eat out. Thirty-six percent of New Englanders say they have been touched by the media accounts.

Young parents also have taken the publicity more to heart than the general population. Forty-two percent say they have been affected by publicity about drinking and driving, as opposed to only 30.4% of the total sample.

Two out of five big spenders, those spending more than $75 a week eating out, say they, too, have been affected by reports about responsible use of alcohol.

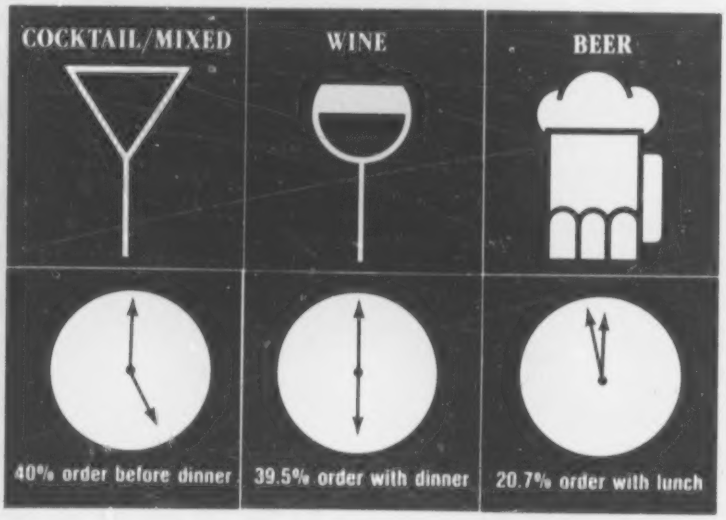
Age, Income Skew Drinking Habits

While beer is the beverage of choice at lunch for most consumers, those who eat out frequently (more than seven times a week) and those who are big spenders (more than $75 a week) opt for mixed drinks. Thirty-one percent of the big spenders say they order cocktails with lunch, while only 17.8% order beer or wine. Wine is the popular pick at dinner among most consumers, but it also is a favorite before dinner with those in the West. Thirty-eight percent of Westerners say they order wine before dinner, compared to only 27.5% of the total. As might be expected, cocktails and mixed drinks, particularly those made with liqueurs, are far and away the most ordered type of alcohol after dinner among all demographic groups except those under 30. For the younger set, beer appears to be the preferred beverage throughout the day. At the other end of the age spectrum, those 65 and older are not as tied to any one beverage.

Eleven percent of young, childless couples say they are drinking more when eating out.

IF THAT'S A BEER, IT MUST BE LUNCH TIME

Americans tend to drink certain types of alcohol at certain times of the day. Beer, for instance, is the favorite at lunch, cited by 20.7% of all drinkers. Cocktails win out as the preferred before-dinner drink, but also are the drink of choice before lunch and after dinner.



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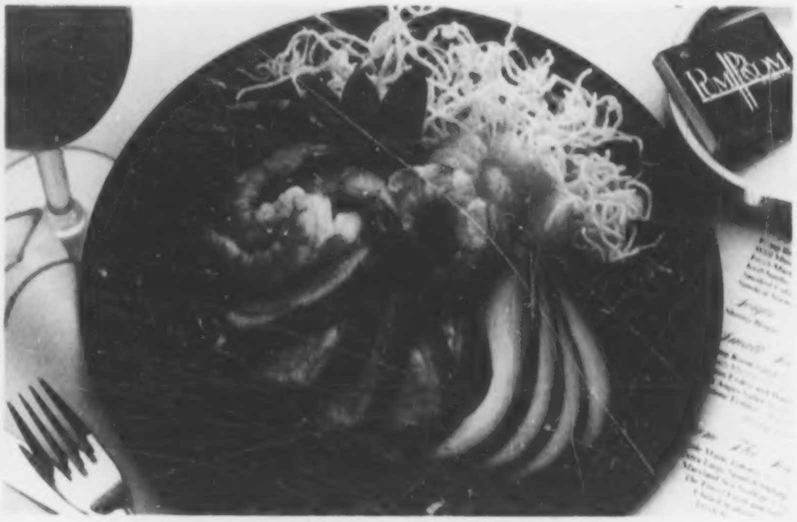

Kabuki Salad is made with fresh ingredients for a main-dish delight.

OPERATOR OFFERINGS

Salads Star as Entrees

Lettuce takes center stage in main-course selections.

In these times of light eating, salads have assumed a much more important role on operators' menus. They have moved from side-dish status to a ranking among the main-course entrees. The following are salad recipes from two well-known restaurants, Old Original Bookbinder's, Philadelphia, and The Pump Room, Chicago. —*K.M.*

OLD ORIGINAL BOOKBINDER'S LOBSTER SALAD

Yield: 24 main-dish salads

Lettuce, shredded	7 lb., 8 oz.
Green onions, sliced	9 oz.
Dill weed	2 Tbsp.
Lobster, cooked, cubed	9 lb.
Celery, chopped	1 lb., 8 oz.
Mayonnaise	3 lb.
Tomato wedges	72
Lemon wedges	72
Pimento-stuffed green olives	72

Method: Toss lettuce with green onions and dill weed. Combine lobster, celery and mayonnaise; chill. Place 2 cups lettuce mixture on serving plate. Spoon 1 cup lobster mixture over lettuce. Garnish plate with 3 tomato wedges, 3 lemon wedges, 3 olives and parsley.

KABUKI SALAD

Yield: 24 main-dish salads

Iceberg lettuce, shredded	7 lb., 8 oz.
Chinese rice sticks, fried	1 lb., 8 oz.
Breast of duck, cooked, sliced ¼-in. thick	3 lb.
Shrimp, peeled, cooked	3 lb.
Mandarin orange sections	3 lb.
Snow peas, blanched	1 lb., 8 oz.
Avocados	6
Dressing	recipe follows

Method: Chill lettuce in plastic bag to crisp. To serve, toss 1½ cups lettuce with 2 Tbsp. Dressing. Place on serving dish. Arrange 1 oz. rice sticks around back side of lettuce. Top lettuce with 2 oz. each duck, shrimp and mandarin oranges, 1 oz. snow peas and ¼ avocado, peeled and sliced. Serve with 1 oz. Dressing.

DRESSING

Yield: approximately 1½ quarts

Eggs	4
Rice wine vinegar	1⅛ cups
Soy sauce	1 cup
Vegetable oil	1 cup
Sesame oil	¼ cup
Ginger	1 tsp.

Method: Combine all ingredients and mix well.

R&I DATA

FOOD COST INDEX: FRESH PRODUCE PRICES REMAIN CONSTANT

The *R&I* November Food Cost Index shows fairly consistent prices compared to a month ago. The cost of a pound of tomatoes remains steady at 52 cents. Strip steak and hamburger prices dipped slightly. Two commodities have been added to the Food Cost Index. They are butter (lb.) and Cheddar cheese (lb.). These replace frying oil and frying shortening.

		% Change	
	11/86	10/86	11/85
Hamburger (lb. 85% lean)	$1.25	-3	-1
Chicken (lb. cut for frying)	.96	5	-1
N.Y. strip steak (lb./avg.)	3.44	-10	-6
Bread (Pullman loaf)	.78	-1	-4
Lettuce (iceberg/head)	.54	-2	10
French fries (30 lb.)	12.04	1	-3
Tomatoes (lb.)	.52	0	4
Milk (gal.)	1.89	8	-1
Eggs (doz.)	.74	1	0
Peaches (case/#10)	18.62	9	-15
Peas (case/#10)	12.35	3	-24
Frozen beans (30 lb.)	14.33	-12	-15
Ice cream (vanilla/gal.)	3.37	5	-11
Butter (lb.)	1.69	—	—
Cheddar cheese (lb.)	1.78	—	—
Sugar (100 lb.)	30.50	-3	1
Coffee (lb.)	2.99	3	5
Breaded fish portions (lb.)	1.65	2	19

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■ MENU SURVEY

Who's on the Fitness Food Bandwagon?

Survey respondents tell *R&I* how healthful eating affects them.

Whether the healthful eating trend continues or not, foodservice operators think it will and their menus reflect that belief. In the June 11, 1986, issue, *R&I* looked at the current interest in light and healthful eating and offered a collection of nutritionally analyzed recipes. We also asked you, our readers, how you feel about the light-eating trend and whether it has affected your menu planning.

The survey results show that a resounding majority believe the light-eating trend will continue, at least into the near future. Respondents also said that this trend is making an impact on what they serve and how they describe menu offerings. With the exception of some fast-food restaurants and schools, well over half the respondents said they: make an effort to reduce salt in cooking, offer whole-grain breads, have sugar substitutes available, serve decaffeinated coffee, offer low-calorie salad dressings, offer vegetarian dishes and offer fruit juices on the menu. Many operators also said they have a nonsmoking section and use low-sodium products in cooking.

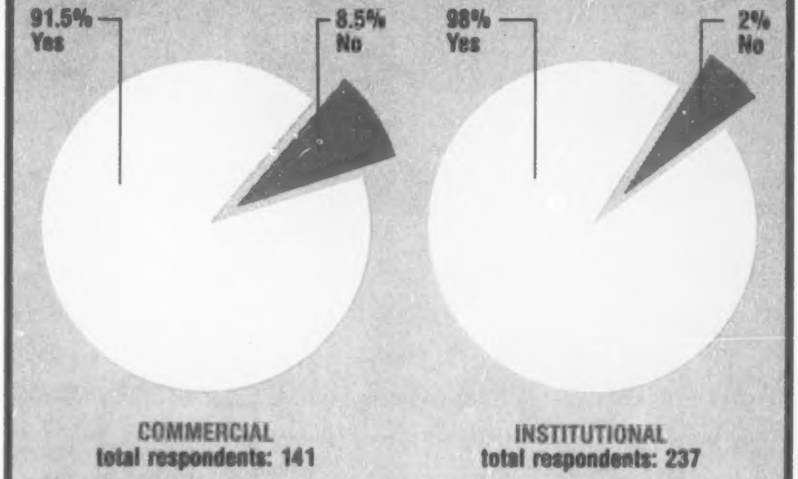
Of those that responded, only 31% of commercial operators were part of a chain, and even less of the institutional operators, 26%, were part of a chain. The four regions, Northeast, West, Central and South were all well-represented, although slightly more of the surveys came from the Central region.

—N.B.

■ R&I DATA

LIGHT-EATING TREND LIKELY TO CONTINUE

Survey respondents almost were unanimous in thinking that the light-eating trend will continue. Both commercial and institutional operators said that the healthful-food trend is here to stay, although institutional respondents were slightly more likely to answer affirmatively.



WHAT DOES "LIGHT AND HEALTHFUL" MEAN?
Here is what our readers told us:

- White meats, lots of veggies and nothing your mother ever cooked when you were young!
- Lean meats, light sauces, simple starches, fresh salads, broiled fish, willingness to cook to customers' special needs.
- Any and all foods that contribute to long and healthy lives.
- Balanced nutrition: smaller portions, lower calories.
- Foods that are low in calories, carbohydrates, cholesterol and sodium but also are healthful and eye-appealing.
- Food that is prepared in such a way that calories, fat content (saturated) and greasiness is reduced.
- Foods that give rather than take energy, vitamins and other nutrients. Foods that make customers "feel good" for longer than the mealtime.
- Homemade soups served with salad for lunch; fruit juice, cereal and toast for breakfast.
- Entrees with less than 300 calories; fruit and vegetables as an important part of meal.
- Food that is a concentrated source of nutrients and lower in calories, sodium; fat with a protein source other than red meat. Not heavy. Low in simple carbohydrates high in complex carbohydrates.
- Food that contains nutrients and is filling but not too filling.
- Any food which contributes to one's own health.
- Good, attractive, nutritious food that tastes as good as it looks!
- Food from all four food groups including lean meats, low-fat dairy, fresh fruits and vegetables, light natural sauces and flavors.

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714

&RESTAURANTS
INSTITUTIONS

HEALTHFUL MENU OPTIONS A HIGH PRIORITY IN FOODSERVICE ESTABLISHMENTS

Survey respondents were asked to check the light-and-healthful options offered in their establishments. In all segments of foodservice, operators claimed they consider nutritional aspects of food when planning menus and offer healthful choices to their patrons.

	Upscale	Midscale	Fast food	Hotel/ Motel	Health care	School	College	B&I
Make an effort to reduce salt in cooking	79.4%	73.1%	42.5%	85.7%	90.3%	100.0%	78.9%	79.0%
Offer a healthful section on the menu	50.0	41.5	32.5	64.3	52.4	59.1	53.6	68.0
Have a non-smoking section	35.3	60.4	37.5	57.1	73.1	18.2	75.0	84.0
Use low-sodium products in cooking	41.2	18.9	25.0	35.8	60.0	27.3	17.9	31.6
Enlist help of nutritionist in planning menu	23.5	17.0	7.5	21.4	89.7	59.1	67.9	57.9
Tie in light-and-healthy promotions with menu	23.5	32.1	30.0	28.6	39.3	41.0	42.9	68.4
Offer whole-grain breads	58.8	58.5	42.5	85.7	91.7	81.8	82.1	94.7
Serve non-alcoholic beverages	79.4	71.7	62.5	92.9	73.1	54.6	89.3	89.5
Have salt substitute available	29.4	39.6	22.5	35.8	63.5	13.6	39.3	26.3
Have sugar substitute available	88.2	92.5	70.0	92.9	95.2	45.5	89.3	100.0
Serve decaffeinated coffee	100.0	96.2	57.5	100.0	93.8	31.8	82.1	94.7
Offer low-calorie salad dressings	52.9	56.6	42.5	50.0	86.2	68.2	89.3	94.7
Offer reduced-calorie entrees	47.1	45.3	35.0	57.1	73.1	27.3	42.9	84.2
Offer reduced-calorie desserts	26.5	20.8	10.0	42.9	74.5	45.5	39.3	63.2
Offer entrees intentionally reduced in fat and cholesterol	61.8	64.2	45.0	71.4	72.4	41.0	60.7	68.4
Offer calorie or nutrition information on the menu	17.7	17.0	17.5	21.4	42.8	27.3	60.7	73.7
Offer portion-size options	32.4	37.7	30.0	35.8	59.3	36.4	42.9	31.6
Offer vegetarian dishes	79.4	69.8	52.5	71.4	63.5	59.1	75.0	82.4
State willingness to cook to order on menu	70.6	35.9	17.5	50.0	14.5	4.5	17.9	15.8
Offer fruit juice options on beverage	52.9	58.8	37.5	64.3	74.5	59.1	67.9	84.2

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ACTION EXPRESS

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DECEMBER 24, 1986

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DEC. 24, 1986

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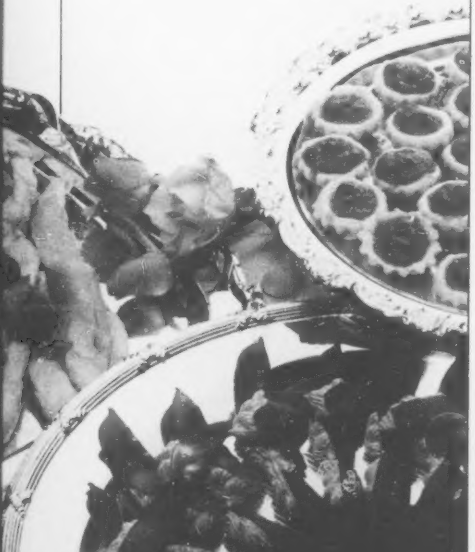

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RESTAURANTS & INSTITUTIONS

ECONOMIC EXPERTS

Foodservice Future Is Promising

Experts contend consumerism should triumph over childbearing.

Slower growth in foodservice sales during the past two years has caused concern about the future health of the industry. But it is easy to lose sight of the big picture when caught up in the inevitable yearly fluctuations in business activity.

The long-term health of the industry is heavily dependent on the outlook for demand: Who are the industry's biggest patrons and what is the outlook for these types of households?

According to the Consumer Expenditure Survey sponsored by the Bureau of Labor Statistics, households that spend the largest share of their food budget on eating away from home include: people who live alone, childless couples, two-earner families, younger households, and high-income families.

Employed persons living alone, in fact, spend more on eating out than on food eaten at home—an average of 55% of their weekly food budget is for food eaten away from home. Younger households spend almost half their food budget outside the home. Households headed by persons under 25 years old, for example, spend nearly 43% of their food budget on food away from home. And households headed by 25- to 34-year-olds spend 39% of their food budget on food outside the home. Childless couples spend 38% and high-income households spend 42% on food eaten away from home.

A number of other households are important because they contribute a large dollar volume to weekly foodservice sales. (The large number of these households makes their spending significant.) In addition to those mentioned above, these households include: families whose oldest child is age 6 to 17, upper-middle income families, and households headed by persons age 35 to 44.

For obvious reasons, the growth or decline in the number and purchasing power of these households has a direct impact on the foodservice industry. Fortunately, the future holds promise.

Income is the most important determinant of consumer spending. But during the past 10 years, it was the fast growth in the number of households (a result of baby boomers coming of age) and not high family income that created the growth in consumer demand.

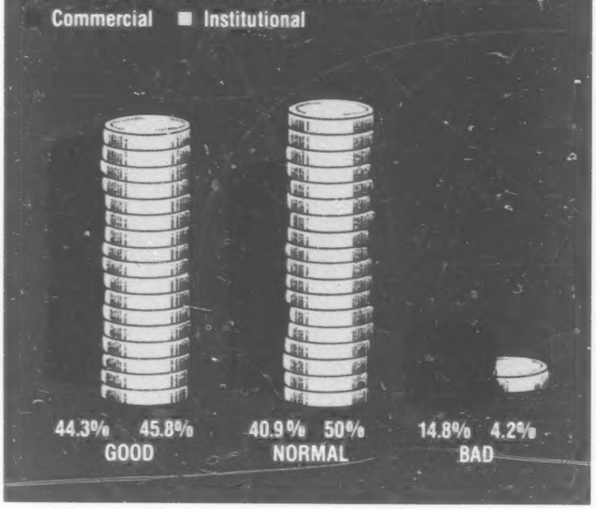
In the coming decade, the growth in households will slow and it will be the increasing affluence of households (especially younger households) that drives consumer spending and foodservice sales.

Wharton Econometrics estimates that the number of households headed by 25- to 34-year-olds with incomes above $30,000 will increase by 14% in the next 10 years, while those with incomes below $30,000 will fall by 3%. And this trend will be evident within every age group.

R&I DATA

SALES NOW: GOOD TIMES CONTINUE

Fully 90% of those answering the October Business Confidence Index survey reported that sales were normal to good. Only 10% said sales were down. The picture was brightest among college and university foodservice operators now that the fall semester is in full swing; not one operator reported decreased sales. On the commercial side, hotels paint the rosiest picture.



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Kim Kennedy is a member of Cahners Department of Economics.

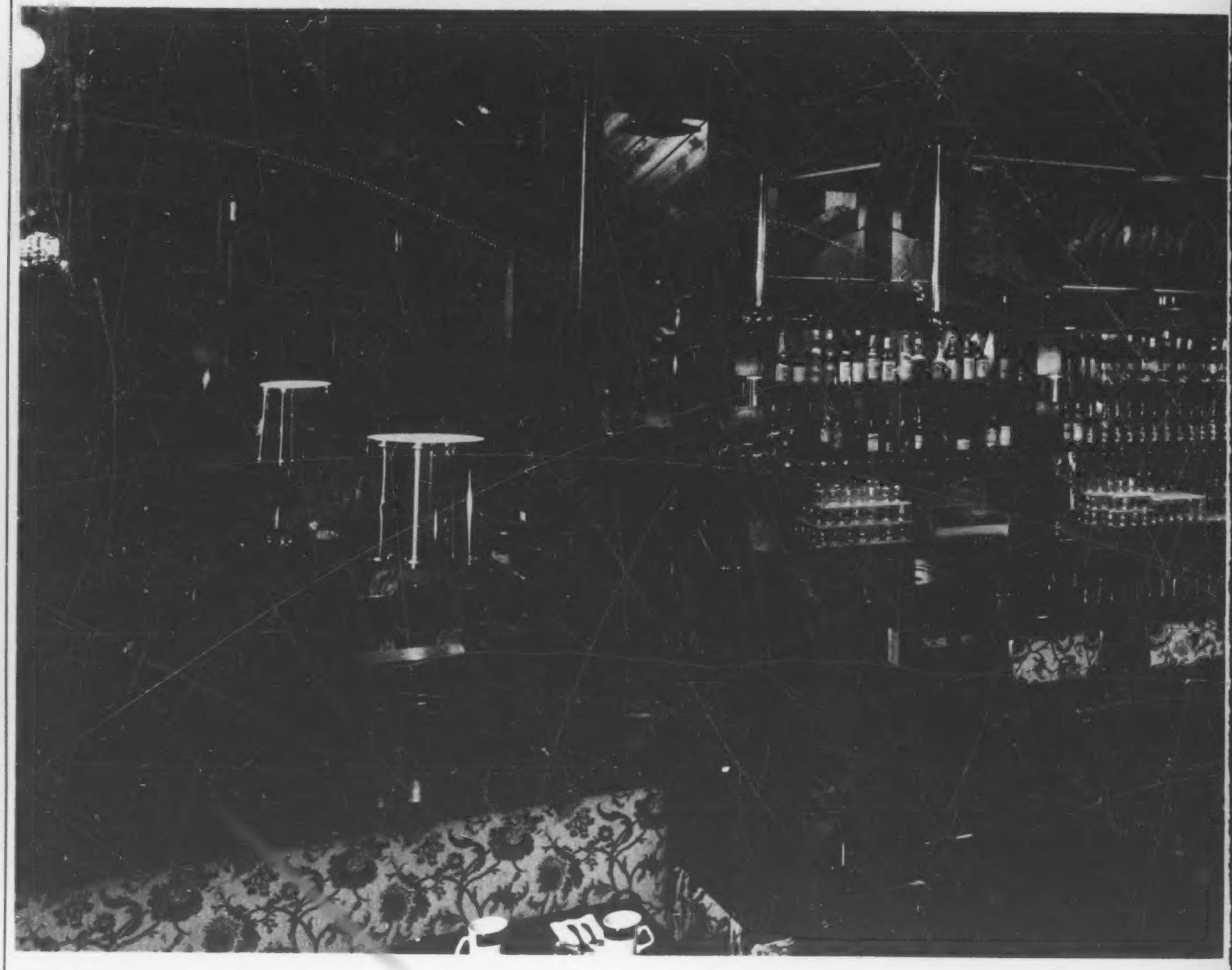
The number of childless couples also will grow more slowly during the next 10 years, but they will remain an important segment because they have roughly one-fifth more income and are 15% more likely to eat out than couples with children. As Professor David Bloom of Harvard University describes it, childless couples represent a "triumph of consumerism over childbearing."

Families in which both partners work have become the norm. Roughly 65% of married women are currently employed, and the share of wives that work continues to rise. Because two-earner families have fewer children, are more highly educated, have higher incomes and place an emphasis on free time and convenience, they will continue to be valued customers of the foodservice industry.

Our industry is maturing. So creative alternatives to keep individual establishments abreast of the competition will become increasingly important during the next 10 years. But the strong links between spending, income and demographics send a clear signal to the foodservice industry that consumers will have a healthy appetite.

—***Kim Kennedy***

R&I EXCLUSIVE



■ R&I CONSUMER SURVEY

CHOICE IN CHAINS

In a world of lists that often only focus on the bottom line, the *R&I* Choice in Chains survey instead takes a close look at consumers' perceptions of restaurant chains. Therefore McDonald's, which has a stranglehold on most chain lists, receives no more consideration for its more than 8,000 units and annual sales of more than $11 billion than Skipper's, which has about 200 units and annual sales of $85 million.

Coming out on top of the seventh annual survey is Stuart Anderson's Cattle Co. in the full-service segment and Baskin-Robbins in the fast-food arena. Stuart Anderson's dethrones Benihana of Tokyo, which last year had bumped Stuart Anderson's from the top spot.

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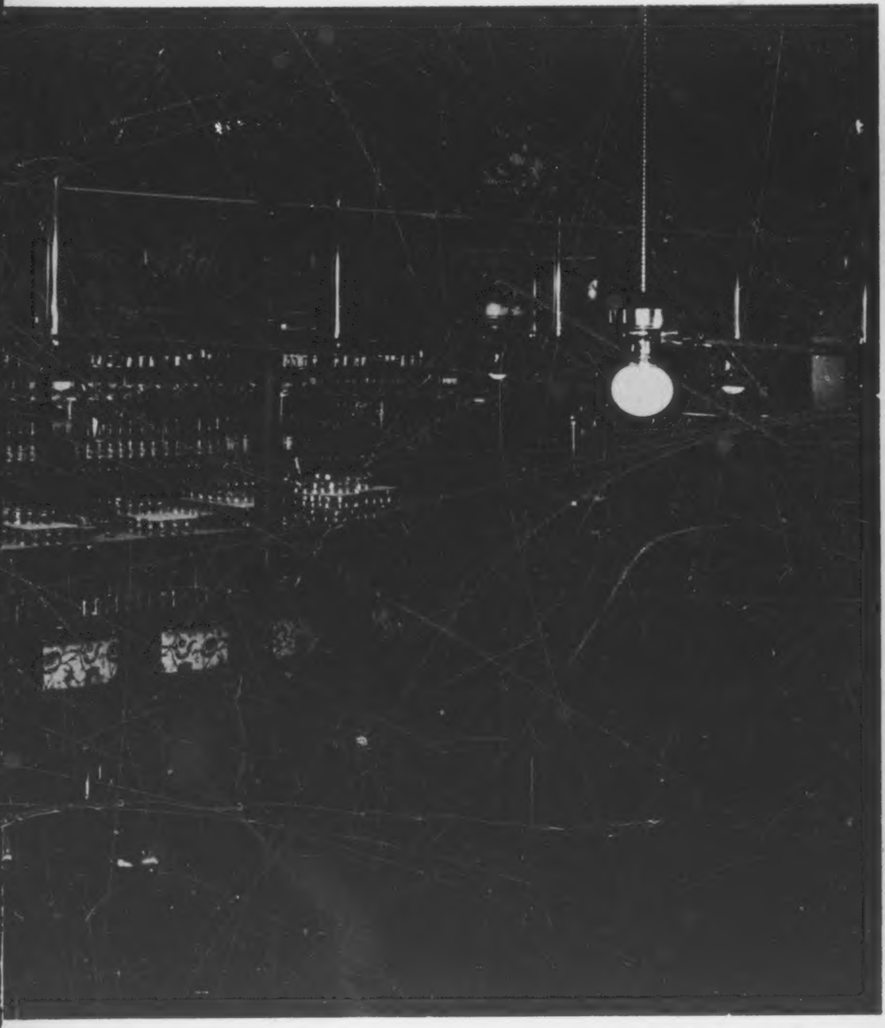


For Baskin-Robbins, this marks the fourth straight year that it has ruled the fast-food roost. (For an explanation of the survey and the ranking process, see the sidebar.)

Restaurants & Institutions further explored this research material and determined that Bob Evans is perceived as being the top chain for cleanliness, service and food quality. TGI Friday's comes out on top for menu variety and atmosphere. White Castle was voted as having the best price-value relationship.

The Choice in Chains survey is available from Liz Adams, (312) 635-8800, at the following rates: National Consumer Survey of Eating-Out Habits, $350; National Consumer Survey of Chain Patronage and Preference, $350; Demographic Profile of 74 Individual Chains, $200 per chain; Executive Summary Showing Five-Year Trends, $200; and Food Ordering Demographic Profiles of 53 Different Foods, $200 per food.

—Howard Schlossberg
—Brad Stratton

The *R&I* Choice in Chains survey aligns fast-food chains according to how consumers perceive them. This is one survey that has nothing to do with sales or earnings.

HOW STUART ANDERSON'S AND BASKIN-ROBBINS WON

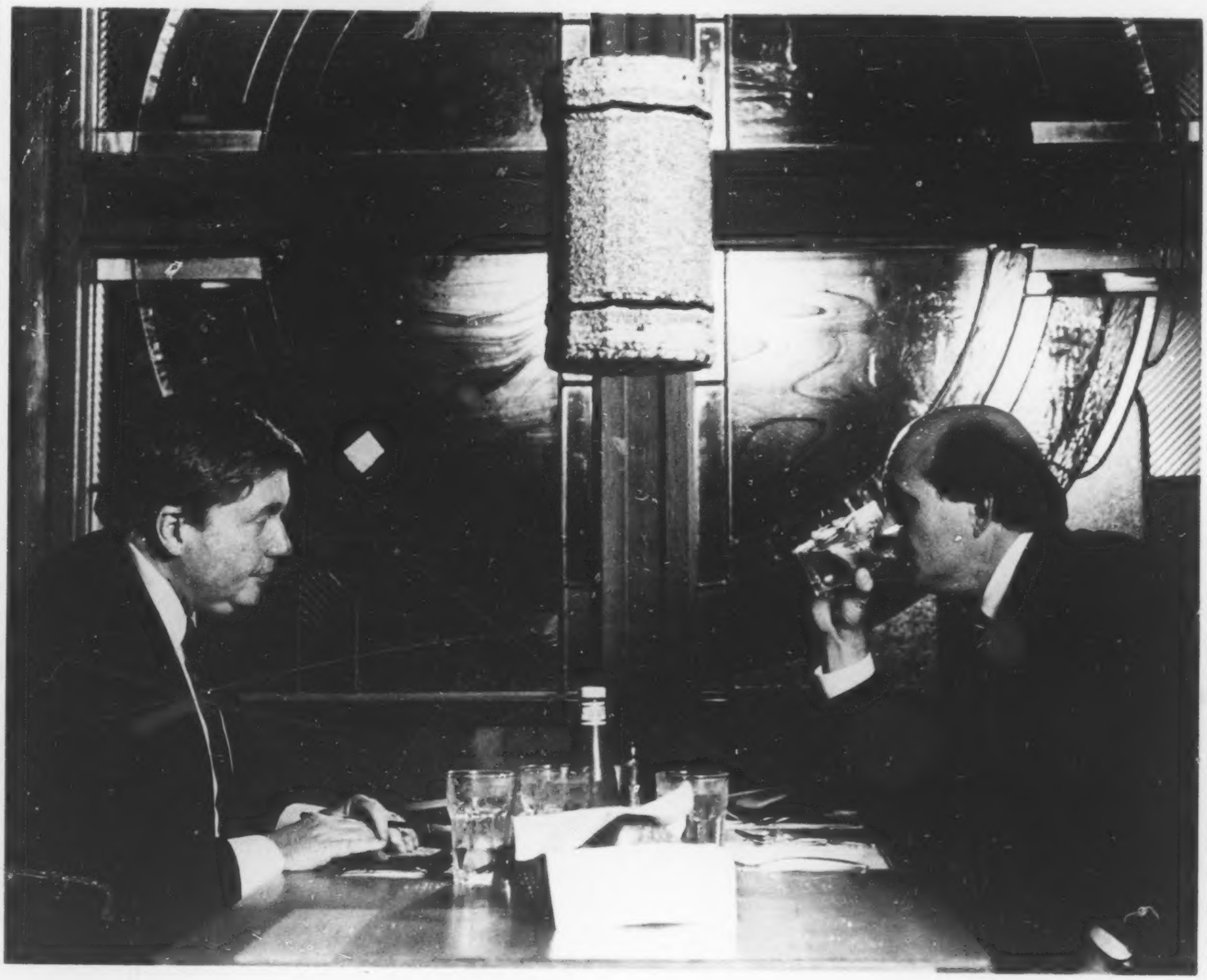
The restaurant chains in *Restaurants & Institutions'* Choice in Chains were ranked through a procedure developed by the magazine in conjunction with National Family Opinion Inc., Toledo. Surveys were sent to 2,000 households selected to reflect the demographic profile of the country. For each of the 74 restaurant chains listed, respondents were asked whether they had heard of the chain and had eaten at the chain during the past 12 months. If they had eaten at the chain, they were asked to specify whether they liked the chain a great deal, somewhat or not at all.

The 1,400 responses received were tabulated to determine each chain's satisfaction index (or popularity). Chains that had been patronized by fewer than 100 respondents were omitted from the ranking.

The number of patrons who said they liked the chain a great deal was doubled (giving that response a weight of +2) and added to the number of patrons who said they liked it somewhat (a weight of +1). The number who said they didn't like the chain was subtracted from the total (giving that response a weight of −1). The final figure was divided by the number of people who said they had eaten at the restaurant, yielding a satisfaction index between 0.0 and 2.0.

For an example of this process, examine Stuart Anderson's numbers. Of the 150 people who ate at Stuart Anderson's, 90 said they liked it a great deal $(90\times 2=180)$, 53 said they liked it somewhat $(53\times 1=53)$ and seven said they did not like it $(7\times -1=-7)$. Combine the three numbers $(180+53-7=226)$ and divide by the total who had eaten at the restaurant $(226\div 150=1.50)$.

CHOICE IN CHAINS



■ **DINNER HOUSES**

Stuart Anderson's Emerges Again as America's Favorite

Stuart Anderson's climbed back into the top spot among all full-service restaurant chains in *R&I*'s Choice in Chains survey for the fourth time in the past five years. Five other dinner house concepts also ranked in the top 10.

In fact, the four most popular restaurant chains are dinner houses. Behind No. 1 Stuart Anderson's are Benihana of Tokyo, which was last year's champion, TGI Friday's and Red Lobster. Bennigan's (No. 8) and Steak & Ale (No. 10) also make the top 10.

Chain Sizzles with the Singles, the Spenders

The things that most attract Americans to restaurants—quality of food, service and cleanliness—are the areas where Stuart Anderson's scored higher than any other dinner house chain in *R&I*'s exclusive Choice in Chains survey.

Stuart Anderson's is most popular with singles and young parents who eat up to four meals a week away from home and spend up to $50 in the process. The chain also enjoys enormous popularity with consumers who dine out five to seven times a week and place a premium on quality of food, service, cleanliness and atmosphere.

Stuart Anderson's customers also are more adventurous than the general population, as they report trying a new restaurant once a month. Characteristically, they tend to skip meals, have foods home-delivered, purchase foods for takeout, eat business-related meals, have an alcoholic beverage with a meal and generally eat out more often than the norm.

The Stuart Anderson's customer also

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INSTITUTIONS

Stuart Anderson's

tends to patronize family restaurants, pubs, taverns and cafeterias.

Food Quality, Variety Matter Most to Patrons

Price often is a determining factor when a family is deciding where to eat out, but the two overriding concerns when choosing a dinner house appear to be food quality and menu variety. The food quality at the No. 2 dinner house chain, Benihana of Tokyo, was rated above average by more than half of its patrons, and at the No. 3 chain, TGI Friday's, 56.4% of the patrons said the food was superior.

For Steak & Ale, more than 50% of its customers said food quality was above average. Interestingly, more than 50% of customers under 30 and over 65 said the chain's food quality was above average. Customers with household incomes of $19,900 or less also said the chain's food quality was above average.

Menu variety was rated TGI Friday's No. 1 strength by 58% of its regular customers. Red Lobster patrons also are pleased by the chain's wide selection, as more than half gave an above average rating in this category.

Stuart Anderson's is not only America's favorite dinner house chain, it is America's favorite chain. The quality of its food is a major reason.

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STUART ANDERSON'S REGAINS TOP SPOT AMONG AMERICA'S FULL-SERVICE RESTAURANTS

After Benihana nudged it from first last year, Stuart Anderson's returns as the most popular full-service restaurant. Fuddruckers, Furr's and Golden Corral broke into the top 10.

Chain	'86	'85
Stuart Anderson's Cattle Co.	1	2
Benihana of Tokyo	2	1
TGI Friday's	3	3
Red Lobster	4	5
Fuddruckers	5	—
Furr's Cafeterias	5	—
Bennigan's	7	6
Morrison's Cafeterias	8	11
Steak & Ale	8	4
Golden Corral	10	—
Chi-Chi's	11	9
Bob Evan's	12	19
Shoney's	12	—
Victoria Station	14	7
Swensen's	15	10
Pizza Hut	16	17
Friendly	16	14
Western Sizzlin'	18	13
Houlihan's	19	—
Po Folks	20	—
Pizza Inn	21	22
Perkins	22	16
Godfather's Pizza	23	21
Mr. Steak	24	18
Ponderosa	25	25
Sizzler Family Steakhouse	26	15
Bonanza	27	20
Big Boy	28	24
International House of Pancakes	28	26
Denny's	30	27
Country Kitchen	31	23
Shakey's	32	28
Howard Johnson	33	29

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CHOICE IN CHAINS

BASKIN 31 ROBBINS
America's Favorite Ice Cream

■ FAST FOOD

A Cool Winner and Still Champion: Baskin-Robbins

Baskin-Robbins not only is the repeat winner as the top ice cream chain in the country, but also is the country's top fast-food chain. *R&I*'s Choice in Chains survey respondents ranked the chain from Glendale, Calif., higher than second place Carvel, another ice cream chain. Rounding out the top five are Rax Restaurants, Little Caesar's Pizza and Wendy's.

Baskin-Robbins' most faithful customers are young: young singles, young couples and young parents.

Even though Baskin-Robbins is a relatively inexpensive place to visit, 61.3% of people making $60,000 or more annually made it to the home of 31 flavors in the past 12 months. More than half of the people making from $20,000 to $44,999 went to Baskin-Robbins last year.

Slightly more than half of those who patronized Baskin-Robbins last year said the food quality is above average. More than a third gave it above average marks for cleanliness and service.

Carvel Now No. 2, Little Caesar's Debuts

Carvel drew higher than average marks from couples and the young parent categories. It gets high marks from households earning between $12,500 and $19,999 and households earning more than $45,000. Nearly a third of the people eating there give it an above average rating for food quality.

Rax draws its best reviews from young people and from parents of all ages. More than a third of Rax patrons gave it an above average grade for cleanliness, food quality and price-value relationship.

A first-time member of the list, Little Caesar's is credited with having above average price-value relationship by

nearly half of its patrons. And people who make a lot of money appreciate the chain's two-for-one pizza deal; people making $60,000 or more gave it the highest satisfaction index.

Four Move into Fast Food's Top 10

Dairy Queen, Captain D's, Long John Silver's and Burger King moved into the top 10.

Dairy Queen is highly regarded in the North Central and Northeast regions of the country. People who live in households making less than $30,000 most enjoy the chain. Households of three or more people tend to like DQ more than households of two or one.

The South is the area of patronage strength for Captain D's. The chain scores extremely well with households with incomes of less than $20,000.

Households that spend between $26 and $75 eating out each week praise Long John Silver's. It also is popular among young couples.

Burger King Town is made up of young singles and families of all ages. Loyal patrons come from households who spend more than $51 weekly on eating out.

Welcome to Baskin-Robbins. Employees will prepare the best in fancy ice cream dishes (far l.) or scoop out ingredients for cones (above). The fast-food winner scores very well with young people.

BASKIN-ROBBINS IS MORE THAN AMERICA'S FAVORITE ICE CREAM CHAIN

When someone says, "America has a sweet tooth," believe it! The top two finishers in *R&I*'s Choice in Chains survey were ice cream chains: Baskin-Robbins, which held its perennial top spot; and Carvel, which moved up from No. 3. Little Caesar's Pizza makes its debut in 1986, at No. 4.

Chain	'86	'85
Baskin-Robbins	1	1
Carvel	2	3
Rax Restaurants	3	2
Little Caesar's Pizza	4	—
Wendy's	5	5
Grandy's	6	4
Dairy Queen	7	10
Captain D's	8	13
Long John Silver's	9	16
Burger King	10	11
Bojangles'	11	19
Kentucky Fried Chicken	12	9
Chick-fil-A	13	6
Arby's	14	12
A&W	15	15
Domino's	16	—
Popeyes Famous Fried Chicken	17	7
Taco Bell	18	8
Carl's Jr.	19	17
McDonald's	20	18

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CHOICE IN CHAINS

BURGERS

Chain	'86	'85
Wendy's	1	1
Burger King	2	2
Carl's Jr.	3	3
McDonald's	4	4
Hardee's	5	5
White Castle	6	7
Krystal	7	6

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■ BURGERS

Patrons Say Wendy's Is 'The Good Stuff'

When it comes to beefing up burgers, nobody does it better than Wendy's, in the eyes of American consumers.

Once again they voted Wendy's No. 1 in the fast-food hamburger segment, rating the quality of Wendy's food best in the segment, a tribute to Wendy's quality-marketing niche.

Why Wendy's? It's the Food Quality

Aside from Baskin-Robbins, Wendy's has the highest satisfaction rating for food quality among all fast-food concepts.

That food-quality factor was particularly significant to Wendy's customers who are young parents, single parents and young singles. It was also of above average importance to Wendy's customers who live alone, earn between $12,500 and $19,900 a year and are under 30 years of age.

Although Wendy's is known for the variety of food on its menu boards, variety was only fifth among satisfaction yardsticks for Wendy's customers among factors including price-value relationship and cleanliness.

Burger Barons Battle It Out

The Choice in Chains survey bears out what those who guide the fortunes of America's fast-food hamburger chains already know: They are locked in a market-share battle for each other's customers.

The burger chains received their highest satisfaction rating from consumers of high school-or-less education levels.

Among singles, younger people gave highest satisfaction scores to the fast-food burger chains, except for White Castle, which clicked with the middle-aged. And in terms of household income, those with earnings below $12,500 a year gave White Castle the highest satisfaction rating.

Wendy's food quality carried it to another burger-segment victory. The chain scores highly with families, young and old.

CHOICE IN CHAINS

CHICKEN

Chain	'86	'85
Grandy's	1	1
Bojangles' Chicken & Biscuits	2	6
Kentucky Fried Chicken	3	4
Chick-fil-A	4	2
Popeyes Famous Fried Chicken	5	3
Church's Fried Chicken	6	5

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■ **CHICKEN**

Grandy's Holds On to America's Top Rating

While Grandy's Country Cooking stayed on top, the rest of the chicken segment did a scrambling act in the 1986 Choice in Chains survey. Bojangles', designated for sale by parent company Horn & Hardart, jumped from No. 6 to No. 2.

Grandy's, the Lewisville, Texas-based chain of some 200 units, is proof that consumer popularity is not dependent upon consumer awareness. Three other chicken chains finished ahead of Grandy's on the portion of the survey that measured the relationship between consumer awareness and patronage, but Grandy's outranked all three in terms of customer satisfaction.

Customers Say Grandy's Is 'Priceless'

It should come as no surprise that Grandy's attracts family groups. Its highest satisfaction ratings came from young parents, young couples and single parents. The college-educated, a discerning and value-oriented lot, gave Grandy's its highest satisfaction rating for price-value relationship and quality of service.

Price-value relationship is held dear by Grandy's customers who spend a little and a lot. People who eat out five to seven times a week gave Grandy's its highest satisfaction rating for price-value relationship. Right behind were those who say they spend less than $10 a week eating out.

Aging America Looks to the Chicken Chains

Chicken satisfies the older generations. Almost as a rule throughout the Choice in Chains survey, the older the customer, the higher the satisfaction rating given to the chicken chains.

Older parents and singles gave Kentucky Fried Chicken high satisfaction ratings. Older retired and working couples and older parents gave Bojangles' their satisfaction blessings.

Grandy's may be far from the largest chicken chain, but it is the most popular for the second year in a row in the Choice in Chains survey.

Grandy's
Country Cookin'

CHOICE IN CHAINS

Chain	'86	'85
Pizza Hut	1	1
Little Caesar's	2	—
Pizza Inn	3	3
Godfather's Pizza	4	2
Domino's	5	—
Shakey's	6	4

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■ **PIZZA**

Pizza Hut Is No. 1, with All the Toppings

When Americans eat pizza, they want a good pizza. And Pizza Hut, winner for the second year in row in the segment, believes in giving customers what they want.

Across the board, Pizza Hut received high satisfaction ratings on the quality of its pizza from just about every demographic group.

Pizza Hut's Success Built on Quality Food

Who likes the quality of Pizza Hut's pizza? Everybody who responded to the survey.

Of the six categories that *R&I* asked consumers to consider when rating the chains this year—food quality, price and value, cleanliness, service, atmosphere and menu variety—Pizza Hut's highest satisfaction ratings came in food quality.

The college-educated; the older, younger and single parent; and the young couple head up the household types who enjoy Pizza Hut food most.

Pizza Operators Have Universal Appeal

As far as the Choice in Chains survey goes, there is one product that comes closest to being the one everyone likes—pizza.

Although Godfather's slipped from No. 2 to No. 4 overall in the segment, its strength remains rooted in food quality, even ahead of Pizza Hut's. Consumers ranked Godfather's No. 1 among pizza chains in overall food quality.

Little Caesar's popularity, built around its powerful price-value appeal, not only makes it No. 3 among all chains in that category but the only pizza chain among all chains for price-value satisfaction.

No. 5 Domino's, as would be expected, scored its highest satisfaction rating with consumers who prefer home delivery.

Quality is one of the most important factors to consumers in the pizza segment, and Pizza Hut's food quality consistently scored high.

■ VARIED FAST FOOD

Rax Racks Up Another Victory

While Rax might come up a bit short in chain-size comparisons to its fast-food competitors, it's long on loyal followers. The Columbus, Ohio, chain of more than 500 restaurants once again nailed down the top spot among varied fast-food chains. It has held this spot since it was first included in the survey back in 1982. Captain D's moved to second place and Long John Silver's sailed from sixth to third. Arby's slipped back one place while A&W stood firm and Taco Bell fell from second to sixth.

Rax scored best in its home North Central region. It also did well in the West. Households with an income of $45,000 to $59,999 gave Rax quite high marks, as did households with heads who are 39 years old or younger. Households with children said they liked Rax.

More than 40% of the people who visited the chain last year said it had above average cleanliness. A third or more gave it above average grades for food quality, price-value relationship and service.

Captain D's Claims Second Position

Captain D's might be the lesser known restaurant owned by Shoney's Inc., but its qualities are well-known by its loyal customers. The fast-food seafood chain is perceived as having above average price-value relationship, service and food quality by more than a third of its patrons.

Households that earn less than $20,000 or between $45,000 and $59,999 are most satisfied with Captain D's.

Seafood also is the specialty at Long John Silver's, where more than a third of the customers say the chain is above average for price-value relationship, food quality, cleanliness and service.

Arby's most satisfied customers live in the North Central and West regions. Older working couples, older retired couples and young parents highly rate Arby's.

The salad bar is popular at Rax, which again was ranked the top varied fast-food restaurant chain in the annual *R&I* survey.

American Heart Association

Chain	'86	'85
Rax	1	1
Captain D's	2	4
Long John Silver's	3	6
Arby's	4	3
A&W	5	5
Taco Bell	6	2
Roy Rogers	7	7
Jack in the Box	8	9

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CHOICE IN CHAINS

CAFETERIAS/COFFEE SHOP

Chain	'86	'85
Furr's Cafeterias	1	—
Morrison's Cafeterias	2	2
Bob Evan's	3	5
Shoney's	3*	—
Swensen's	5	1
Friendly	6	3
Po Folks	7	—
Perkins	8	4
International House of Pancakes	9	8
Big Boy	9*	7

*tie

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■ CAFETERIAS, COFFEE SHOPS

Furr's Cafeterias Claims Segment Title

Newcomer Furr's Cafeterias stands in first place in this *R&I* Choice in Chains listing. Furr's Cafeterias achieved a 1.40 satisfaction rating. That was good enough to outdistance Morrison's Cafeterias, which takes second place for the second straight year.

Furr's earned its highest marks for menu variety. More than 42% of *R&I* respondents who patronize the Lubbock, Texas, chain credit it with above average cleanliness, food quality, service and price-value relationship.

Older people are the most enthusiastic about Furr's and are its most faithful patrons. In families where the household head is retired, the satisfaction index was a strong 1.69, compared to its average of 1.40. The restaurants also receive above average marks from families that earn between $12,500 and $44,999. It receives similar high opinions from families of two people and of four or more people.

Households that spend $25 or less eating out each week highly regard Furr's. It gets a vote of confidence from people who eat out for two to four meals a week.

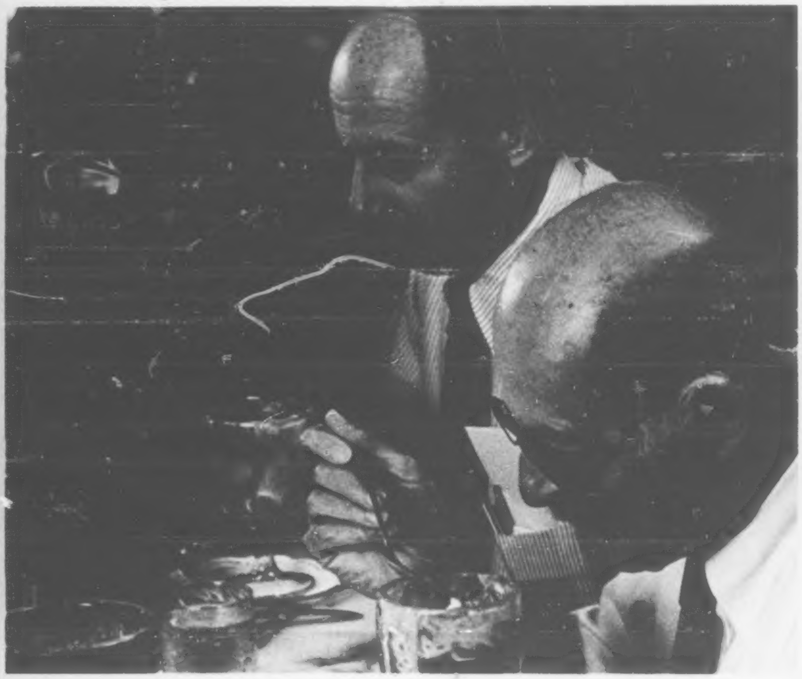
Morrison's Gets High Marks for Food Quality

Morrison's tends to have the same customer base as Furr's. Families with older household heads and retired people patronize Morrison's at a rate that exceeds its average. More than half its patrons say Morrison's has above average food quality and menu variety and more than 45% say the cleanliness, price-value relationship and service are above average.

Young couples, young singles, older couples and parents give third-place Bob Evan's above average satisfaction ratings. The chain also scores very well for quality, cleanliness and service.

Shoney's, a new entry to *R&I*'s consumer survey, got a significantly higher satisfaction rating than Big Boy, its former partner (1.30 compared to 1.03).

Swensen's is popular among people who dine out between one and four times each week. Couples, whether working or retired, also like the chain.



RESTAURANTS & INSTITUTIONS

■ STEAKHOUSE

Golden Corral Rounds Up First Place

Golden Corral, owned by Investor's Management Group, Raleigh, N.C., is the top cowpoke on this frontier. The chain pushed last year's segment leader, Western Sizzlin', to No. 2. Mr. Steak remained in the third position. Sizzler fell from second place to fifth.

Younger singles and older singles patronize Golden Corral at an above average rate. Couples of all ages also visit Golden Corral more often than the total sample.

More than half of the people who ate at Golden Corral last year said the chain has above average food quality. Slightly less than half gave it an above average rating for price-value relationship, service and cleanliness.

The households earning between $30,000 and $44,999 gave Golden Corral its highest satisfaction index, with households earning less than $12,500 giving it the next highest rank. And the more people living in a given household, the more likely the family is to like Golden Corral.

Golden Corral has its largest following in the South. Those patrons enthusiastically support it, but the chain is slightly more popular in the North Central region. People who eat out three or four times each week and households that spend less than $10 a week eating out also think highly of it.

Sizzlin' in Second

Western Sizzlin', Augusta, Ga., draws many of its patrons from the demographic groups made up of young and middle singles and parents. Working couples of all ages patronize Western Sizzlin' at an above average pace. Patrons give the chain its highest grade for price-value relationship.

The less money a household earns, the more likely it is to give third place Mr. Steak a high satisfaction index.

More than 43% of those surveyed who patronized Ponderosa said the chain has an above average price-value relationship. It is patronized at a rate higher than its average by parents of all ages.

Almost uniformly, steakhouse chains are patronized at higher than average rates by patrons who come from households that earn less money.

STEAKHOUSE

Chain	'86	'85
Golden Corral	1	—
Western Sizzlin'	2	1
Mr. Steak	3	3
Ponderosa	4	5
Sizzler	5	2
Bonanza	6	4

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CHOICE IN CHAINS

■ FOOD QUALITY

Bob Evans Proves that Low Prices Can Equal High Quality

As food quality increases, so does the price on the menu. That bit of apparent logic is disproved by Bob Evans. Not only does the Columbus, Ohio, chain rank No. 1 in the quality category, but it also places an impressive seventh in price-value relationship. Only two other chains—Golden Corral and Morrison's—appeared in the top 10 lists of both categories.

Stuart Anderson's, the full-service overall winner, ranks second in quality and TGI Friday's is third. Baskin-Robbins was the only fast-food restaurant to place in the top 10.

People who eat out two to four times or more than seven each week give Bob Evans the most credit for its quality. Those households spending $10 to $25 or more than $50 a week also highly rate the chain's quality. The Northeast and South have the warmest praise for the chain, as do households earning $20,000 to $29,999 and $60,000 or more.

Rounding Up Quality at Stuart Anderson's

Stuart Anderson's is thought to have high quality by households earning less than $12,500 and between $20,000 and $29,999. People eating out once a week or five or more times a week give it a good grade.

People earning $12,500 to $29,999 and those making $45,000 or more praise the quality at TGI Friday's. Young couples and parents of all ages who have older children also give it the high grade.

Red Lobster's quality is appreciated by those living in the South and North Central regions. Households earning less than $30,000 also give it top credit.

Golden Corral, the steakhouse segment winner, is credited for having above average quality from households making less than $12,500 and from $20,000 to $44,999. Households with three or more persons rate it well.

FOOD QUALITY

Chain	'86
Bob Evans	1
Stuart Anderson's	2
TGI Friday's	3
Red Lobster	4
Golden Corral	5
Fuddruckers	6
Morrison's	7
Benihana of Tokyo	8
Baskin-Robbins	9
Steak & Ale	10

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Barbecued ribs is just one example of Bob Evans' quality. Patrons were impressed with both the quality and price of Bob Evans' food.

RESTAURANTS & INSTITUTIONS

■ PRICE-VALUE

White Castle Wins Value Championship

White Castle, where consumers can buy burgers buy the sack while barely denting their wallets, has claimed the title of being the chain with the top price-value relationship. Po Folks takes second overall but is the top full-service chain for price-value. Little Caesar's Pizza and its continual two-for-one pizza deal earned third place.

Steakhouse chains score extremely well in this category. Golden Corral, the segment winner, took fourth place overall. Western Sizzlin' took fifth, Sizzler grabbed ninth and Ponderosa claimed 10th.

Bargains by the Sack

People who eat out more than seven times a week are most appreciative of the value offered by White Castle. Households spending less than $10 or between $26 and $75 a week also give it higher than average credit.

White Castle's most enthusiastic price-value supporters live in its North Central home region. Households of three or more people also give it good marks. In general, the less a household earns, the more likely it is to praise the economy offered by this chain.

Patrons Aren't Po

The value offered by Po Folks is most appreciated by households earning $20,000 to $59,999 annually. Middle-aged singles, older couples and young parents give it an above average ranking for price-value relationship.

Young singles, young and old parents, and older couples all said Little Caesar's was an outstanding value. Families with a household income of less than $30,000 offered similar opinions. The South and West were areas it did best.

Among the steakhouse chains, Golden Corral did best among middle-aged singles while Western Sizzlin' had the largest value following among young and older singles. Golden Corral also led the way with young and older couples, and young and older parents.

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PRICE-VALUE RELATIONSHIP

Chain	'86
White Castle	1
Po Folks	2
Little Caesar's Pizza	3
Golden Corral	4
Western Sizzlin'	5
Morrison's	6
Bob Evans	7
McDonald's	8
Sizzler	9
Ponderosa	10

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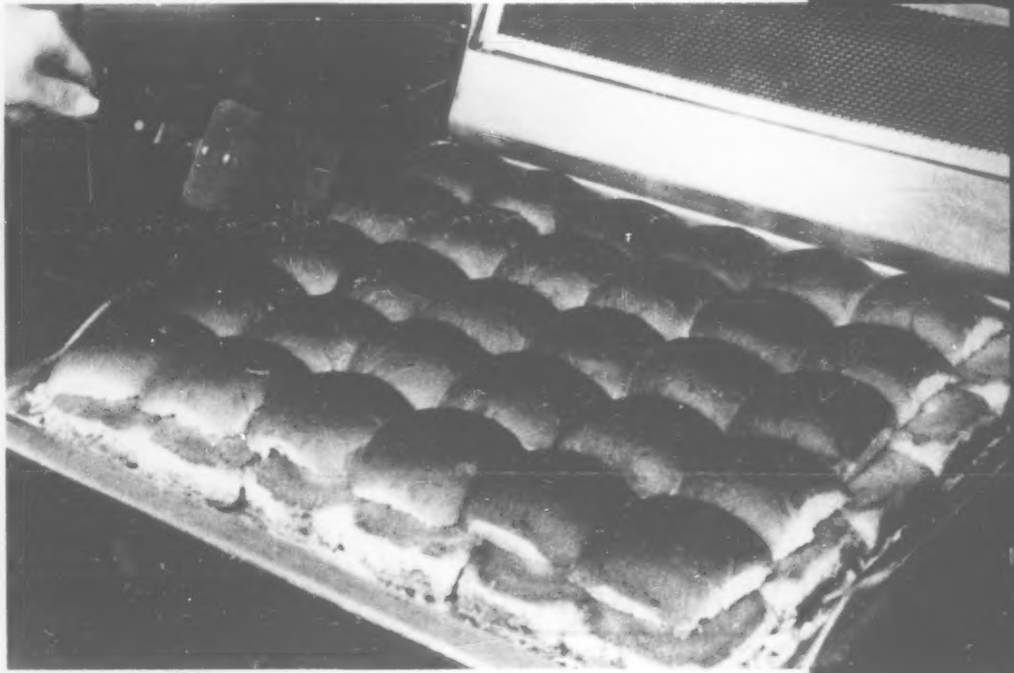

A trayful of White Castle burgers won't break the bank. The chain got its best grade for price-value relationship in its North Central home region.

CHOICE IN CHAINS

Chain	'86
TGI Friday's	1
Morrison's	2
Red Lobster	3
Furr's Cafeterias	4
Bennigan's	5
Po Folks	6
Golden Corral	7
Shoney's	8
Bob Evans	9
Stuart Anderson's Cattle Co.	10

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■ MENU VARIETY

Variety Is the Spice of TGI Friday's

TGI Friday's, with its mammoth menu, was selected the No. 1 concept for menu variety by respondents in the Choice in Chains survey. But a restaurant does not have to be in the dinner house segment to score well on variety.

In fact, six of the top 10 were from the coffee shop and cafeteria segment, while the other four were dinner houses.

The Ultimate in Menu Variety

TGI Friday's No 1. ranking testifies to the continued consumer demand for menu variety. More than 50% of consumers who said they also eat at gourmet, Italian and Mexican restaurants, said TGI Friday's has above average menu variety. That number was a whopping 71% for Oriental restaurant patrons.

The highest positive response for TGI Friday's came from older parents. Almost 79% of those who eat at TGI Friday's said the dinner house chain has above average menu variety.

Let's Eat Out, for the Variety Please

The desire for menu variety transcends demographics and household spending levels.

For Bennigan's, 57.6% of middle-aged singles said the chain has above average menu variety. For Po Folks, 55.1% of those between the ages of 30 to 39 said the chain has above average menu variety. For Furr's, 52.4% of customers living in the South said the chain has above average menu variety.

For Bob Evans, 50% of customers earning below $12,500 and 50% of those between $20,000 and $29,900 said the chain has above average menu variety.

And for Golden Corral, 60% of those who spend less than $10 a week eating out said the steakhouse chain has above average menu variety.

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Is there any wonder why TGI Friday's is rated No. 1 for menu variety in the Choice in Chains survey?

CHOICE IN CHAINS

Chain	'86
Bob Evans	1
Stuart Anderson's Cattle Co.	2
Golden Corral	3
Benihana of Tokyo	4
TGI Friday's	5
Red Lobster	6
Shoney's	7
Furr's Cafeterias	8
Chi-Chi's	9
Morrison's	10

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■ **SERVICE**

Bob Evans: A Winner Where It Counts

Service. Year in and year out, it is the characteristic that consumers are most vocal about in selecting their favorite restaurants.

They apparently have nothing to complain about at Bob Evans. The Columbus, Ohio-based chain was No. 1 when *R&I* asked consumers to rate their favorite restaurants according to quality of service. True to form, other strong overall performers in customer satisfaction joined Bob Evans in the service top 10.

Overall winner Stuart Anderson's was second, followed by steakhouse champ Golden Corral. Last year's overall winner and this year's runner-up, Benihana of Tokyo, was fourth in service satisfaction. Of note, no fast-food chains and no up-and-comer chains cracked the top 10 in this category.

Up-and-comer Tony Roma's was 16th, while McDonald's was 22nd, leading the way among fast-food.

Bob Evans Does It Again and Again

Consumers who patronize a broad spectrum of restaurants rate the service at Bob Evans as above average. More than 50% of customers who have eaten at a Bob Evans restaurant and a gourmet, seafood, Italian, Mexican or Oriental restaurant selected Bob Evans for having superior service.

But it does not end there.

Service: Important to All Customers

Service is critical no matter what the customer's age, income or education. More than 50% of college-educated Bob Evans customers said the chain has above average service.

Some 57% of retired heads of households who eat at Golden Corral said the family steakhouse's service was above average. Of middle-aged parents, 60.5% of those who have eaten at Chi-Chi's said the Mexican restaurants' service was above average.

Good service is an attribute that is delivered by the consistently highest rated chains in the Choice in Chains survey.

RESTAURANTS & INSTITUTIONS

■ CLEANLINESS

Down on the Farm Meets Mr. Clean

If cleanliness is next to godliness, then Bob Evans Farms is assured admittance by St. Peter. Consumers in the Choice in Chains survey gave Bob Evans a higher rating for cleanliness than any other concept.

Others in the top 10 were all full-service, full-menu chains, and their ranking is testimony to the quality of their total operations. Morrison's, No. 2 in cleanliness, was No. 2 overall in the coffee shop and cafeteria segment. Furr's, No. 5 in cleanliness, was No. 1 overall in the cafeteria area.

Portrait of a Bob Evans Patron

Do not believe that just because Bob Evans competes in the coffee shop and cafeteria segment of Choice in Chains that its core customer is the stereotypical senior citizen on a fixed income.

The young couple, the middle-aged single and the college-educated give Bob Evans a vote of high satisfaction. Those earning between $12,500 and $19,900 a year, and those making more than $60,000 a year find satisfaction at Bob Evans.

Cleanliness Cuts All Boundaries

Those who selected the Choice in Chains top 10 for cleanliness tend to look for spotlessness in almost any restaurant concept they try.

In fact, it is of above average importance to Bob Evans' customers in selecting a pizza parlor, a fast-food seafood, chicken or hamburger restaurant, an ice cream parlor, a deli and a pub.

Among the family steakhouse chains, cleanliness also appears as a consumer priority. Almost 55% of customers who have eaten in both a Bob Evans restaurant and a steakhouse said Bob Evans is above average for cleanliness. For Morrison's, that number was 56.5%. For eight of the top 10 in cleanliness, the number was more than 50%.

Chain	'86
Bob Evans	1
Morrison's	2
Stuart Anderson's Cattle Co.	3
Red Lobster	4
Furr's Cafeterias	5
TGI Friday's	6
Golden Corral	7
Tony Roma's	8
Steak and Ale	9
Chi-Chi's	10

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For cleanliness, the Choice in Chains winners are full-service, full-menu restaurants. No fast-food concept cracked the cleanliness top 10.

CHOICE IN CHAINS

ATMOSPHERE

Chain	'86
TGI Friday's	1
Chi-Chi's	2
Benihana of Tokyo	3
Bennigan's	4
Stuart Anderson's	5
Victoria Station	6
Steak & Ale	7
Red Lobster	8
Bob Evans	9
Po Folks	10

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■ ATMOSPHERE

People Get Away to TGI Friday's

When it comes to the most pleasant atmosphere, TGI Friday's outdistances a top 10 group made up exclusively of full-service restaurant chains. Chi-Chi's comes in second with last year's overall winner, Benihana of Tokyo, coming in third. Bennigan's grabbed fourth while this year's overall winner, Stuart Anderson's, took fifth.

Many Say TGIF

Patrons crediting TGI Friday's with its pleasing atmosphere came from a wide variety of ages. Older singles, young couples, and middle-aged and older parents gave the chain the most praise for its surroundings.

Household incomes for those most enjoying the atmosphere at TGI Friday's were in the $20,000 to $29,999 and the $45,000 and more categories. The chain showed its best strength in the West.

People from households of two and four or more people said they enjoyed TGI Friday's atmosphere.

Look of the Southwest Gains Second Place

Chi-Chi's made it into the No. 2 spot on the strength of its showing among households with incomes of less than $20,000. The perception of the Mexican food chain's atmosphere got progressively better as the size of the household increased. Young parents and middle-aged singles also said they enjoyed the surroundings at Chi-Chi's.

Benihana got its best marks from households earning $30,000 to $59,999. Young parents, young and retired couples, and middle-aged singles all said they liked the Japanese approach to a steakhouse.

People with household incomes of $20,000 or more enjoyed Bennigan's atmosphere. Bennigan's also scored with households of three or less people, with people who eat out five or more times each week, and with people from the West and Northeast.

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People from many different age groups said they enjoyed the surroundings at TGI Friday's, which was voted as having the best atmosphere.

CHOICE IN CHAINS

INCOME CATEGORIES

Less than $12,500

Chain	'86
Stuart Anderson's Cattle Co.	1
Steak & Ale	2
Red Lobster	3
Morrison's	4
Benihana of Tokyo	5

$12,500-$19,999

Chain	'86
Benihana of Tokyo	1
Houlihan's	2
Victoria Station	3[t]
Stuart Anderson's Cattle Co.	3[t]
Fuddruckers	5[t]
Furr's Cafeterias	5[t]

$20,000-$29,999

Chain	'86
TGI Friday's	1
Stuart Anderson's Cattle Co.	2
Bennigan's	3
Steak & Ale	4
Houlihan's	5[t]
Baskin-Robbins	5[t]

$30,000-$44,999

Chain	'86
Golden Corral	1
Benihana's	2[t]
Furr's Cafeterias	2[t]
TGI Friday's	4
Morrison's	5

$45,000-$59,999

Chain	'86
TGI Friday's	1
Benihana of Tokyo	2
Captain D's	3[t]
Stuart Anderson's Cattle Co.	3[t]
Shoney's	5[t]
Rax	5[t]

$60,000 or more

Chain	'86
Bojangles'	1
Carvel	2[t]
Bob Evans	2[t]
Fuddruckers	4[t]
TGI Friday's	4[t]

[t] tie

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■ **INCOME CATEGORIES**

Friday's Atop Two Classifications

TGI Friday's is the favorite restaurant chain of two household income categories in the 1986 *R&I* Choice in Chains survey. Friday's is the only organization to lead more than one category. The chain, owned by Carlson Cos. of Minneapolis, came out on top of the $20,000 to $29,999 and the $45,000 to $59,999 brackets.

The other category leaders are Stuart-Anderson's, less than $12,500; Benihana, $12,500 to $19,999; Golden Corral, $30,000 to $44,999; and Bojangles' Chicken & Biscuits, $60,000 or more. Bojangles' is the only fast-food restaurant to lead a grouping.

Friday's tied for most appearances (four) in the six income groupings with Stuart Anderson's, the overall full-service leader, and Benihana of Tokyo. Steak & Ale, Morrison's, Houlihan's, Furr's and Fuddruckers appear in two lists. Besides the category leaders, the lists are rounded out by Red Lobster, Victoria Station, Bennigan's, Baskin-Robbins, Captain D's, Shoney's, Rax, Carvel and Bob Evans.

Income's Influence on Consumer Preferences

Just because households earn more money doesn't mean they prefer more expensive chain restaurants. This year's research shows that in general, chains that have higher check averages are more popular with households that make less money. In the same way, less expensive chains appear to be more popular with households that earn more money.

Within the three categories of households that earn less than $30,000 annually, higher-ticket chains account for 13 of the 17 operations appearing. Only Morrison's, Furr's, Fuddruckers and Baskin-Robbins made these lists.

For the three categories of households earning $30,000 or more, lower-priced chains hold 10 of the 16 positions. Contrary to the trend, TGI Friday's appears three times, Benihana twice and Stuart Anderson's once.

Benihana of Tokyo, well-known for its exhibition cooking, was the most popular chain among households earning $12,500 to $19,999.

■ **SPENDING LEVEL**

Big Spenders Pick Their Favorites

Broken out by weekly household spending levels, Benihana of Tokyo is America's favorite among the largest group, those spending between $10-$25 a week. The chain was No. 2 overall this year and No. 1 last year. El Torito, the eighth-favorite dinner house chain, is No. 2 among this spending group, and Stuart Anderson's is No. 3.

Hey, Big Spender, Benihana's the One

Benihana of Tokyo's popularity and ability to satisfy customers cuts through almost all levels of household spending on food away from home.

Seventy-five percent of Benihana customers who spend more than $75 a week eating out said that the chain's food quality was above average. Another 65% of them said the atmosphere was above average. A full 70% said the service was above average.

Approximately 56% of those spending between $10-$25 and $26-$50 a week said the food quality at Benihana of Tokyo was above average. More than 50% in both categories said the service was above average. Among those spending between $51-$75 eating out each week, 63.6% said the atmosphere at Benihana of Tokyo was above average.

Spending Determines Consumer Ratings

How much a household spends eating out each week makes a critical difference in the way a household determines which quality attributes deserve an above average rating.

For Bennigan's, 60.9% of customers who spend between $10-$25 eating out each week say that the quality of food is above average. Another 30.4% of that same group say Bennigan's price-value relationship is above average.

For Baskin-Robbins, 52.6% of the $10-$25 group say the food quality is above average.

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SPENDING LEVEL

Chain	Rank
Benihana of Tokyo	1
El Torito	2
Stuart Anderson's Cattle Co.	3
Friendly	4
Bennigan's	5
Victoria Station	6
Steak & Ale	6*
Baskin-Robbins	8
Furr's Cafeterias	8*
Chi-Chi's	10

*tie

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Benihana of Tokyo customers, who spend a lot of money eating out each week, say the chain's food quality is above average.

CHOICE IN CHAINS

UP AND COMERS

Chain	'86
Rusty Pelican	1
Tony Roma's	2
Chili's	3
Mrs. Winners	4
Skipper's	5
Sister's Chicken & Biscuits	6
Brown's Chicken	7
Sea Galley	8
Del Taco	9
Straw Hat Pizza	10

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■ UP & COMERS

Keep an Eye on This Lot of Growth Chains

Rusty Pelican, the chain of seafood dinner houses based in Southern California, is the concept Choice in Chains respondents tabbed as *the* one to watch among the Up and Comers.

Because they had not been patronized by more than 100 survey respondents, these 10 chains do not appear in any other overall segment rankings in the 1986 Choice in Chains.

Rusty Pelican Draws an Affluent Crowd

The highest satisfaction rating for Rusty Pelican came from those earning $60,000 or more a year. Those earning between $30,000 and $44,900 a year were right behind.

Both young and older working couples gave Rusty Pelican the highest satisfaction rating, as did middle-aged, older and single parents. College-educated consumers gave Rusty Pelican a high satisfaction rating, as do those who travel and own VCRs.

Finally, the two-, four- and five-person household enjoys Rusty Pelican, as do those who spend any amount more than $26 per week eating out.

Up and Comers—a Testimony to Variety

The composition of the up-and-comer group—seafood, casual/theme, chicken, Mexican, pizza and ribs chains—leaves no doubt that America's choice now, and in the future is variety.

And there is variety within the satisfaction ratings of each up-and-comer chain. Tony Roma's customers give high satisfaction ratings to steakhouses, Mexican-food restaurants and quick-service seafood outlets.

Mrs. Winners gets high satisfaction scores from young singles, older retired couples, older parents, older working couples and single parents. Brown's Chicken gets its highest satisfaction ratings from young parents and older singles.

continued on page 90

Given a large enough customer base in the Choice in Chains survey, Rusty Pelican would have finished near the front-runners.

CHOICE IN CHAINS

Chain	% patronizing nationally
McDonald's	83.1
Burger King	70.6
Wendy's	69.4
Kentucky Fried Chicken	64.3
Pizza Hut	57.6
Dairy Queen	53.8
Arby's	52.1
Denny's	46.3
Red Lobster	43.9
Baskin-Robbins	43.5

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■ PATRONAGE

America Loves Its Burger Chains

The Big Three in hamburgers dominate patronage among American consumers. And among those three, McDonald's was patronized by the most consumers during 1986. Of those participating in the *R&I* Choice in Chains survey, 83.1% made it to the Golden Arches. Burger King took second and Wendy's took third. McDonald's position is so overwhelming that it led *every* patronage demographic category covered in the survey.

The top full-service restaurant to make the list was Pizza Hut, placing fifth overall. Other full-service chains making the top 10 were Denny's and Red Lobster.

McDonald's Scores Well with Young People

While McDonald's does extremely well across the board, it is especially successful with youthful households. Young singles, couples and parents patronize McDonald's at an above average pace. As a matter of fact, young parents apparently have found that McDonald's helps keep their children happy. More than 91% of all parents with children 6 years old or younger said they visited McDonald's last year.

The bigger the family, the more likely it is to have visited McDonald's last year.

Burger King Edges Wendy's for Second

Just 1.2 percentage points separate Burger King from Wendy's. While Wendy's holds a patronage lead among young singles and young couples, Burger King gains its advantage with parents of all ages.

Both chains get above average patronage from households earning $20,000 or more. Burger King holds an edge over Wendy's in the Northeast and West regions, while Wendy's has an advantage in the North Central and South regions.

McDonald's has above average patronage from young singles. More than 85% of those surveyed said they went to Big Mac at least once last year.

DIXIE HOUSE

remind patrons of their favorite aunt. The mascot is one of two new ways that Prufrock Restaurants of Dallas, the Dixie House parent company, is seeking to boost business. The second is a children's board of directors.

"Aunt Dixie is an updated Aunt Bea, but not as dowdy," says Diana Sinea, a spokeswoman for the chain. (Aunt Bea was the delightful household overseer on television's "The Andy Griffith Show.")

The chain introduced Aunt Dixie at Halloween parties held at each restaurant. Sinea says Aunt Dixie also visited a gathering at the Baylor Medical Center and a home for abused women and children. "She was a big hit," says Sinea. "She told bad chicken jokes and chicken riddles—the kind only kids can stomach."

The children's board of directors held its first meeting Nov. 8. The 12 members, each 10 years old or younger, were selected by company officials from applications filed at each restaurant. Quarterly meetings will be held in Prufrock's headquarters, where the board members will talk about food and make suggestions on menu items, portions sizes, menu games and prices.

Unlike real-life counterparts, the youthful directors will not be paid, but will receive free dining certificates for themselves and their families, Dixie House chicken hats and identification cards.

"Children are an important part of the family atmosphere at Dixie House," says Phil Cobb, Prufrock president, "and we wanted to solicit their input regarding menu items and other elements of the restaurant that affect them."

IHOP's Seafood Salad is designed to enhance its lunch and dinner image.

IHOP Rolls Out New Items for Lunch and Dinner

With its latest rollout of eight entrees, the International House of Pancakes continues to tell consumers it is more than just a breakfast restaurant.

The eight entrees, four salads and four sandwiches, are geared to further boost the chain's traffic at lunch and dinner. The salads are: Seafood, Chicken Taco, Beef Taco, and Chef's International. The sandwiches include: Super Stack, Parmesan-Grilled Beef 'n Cheddar, Classic Philly Cheesesteak, and Big Cheese. The items were introduced on a market-by-market basis over the summer.

"They've done very well," reports Stephen Pettise, vice president of marketing for the North Hollywood, Calif.-based chain of more than 450 units.

"The salads have done better than anyone thought they would," says Pettise. The chain had to take considerable time to retool the back of the house in order to handle a good volume in salads.

IHOP had systemwide sales last year of $240 million. —***Howard Schlossberg***

—***Brad Stratton***

■ R&I DATA

AVERAGE MENU PRICES: HOTELS TAKE BIGGEST MARKUPS

R&I tracks average selling prices for a variety of menu items at restaurants across the country. While all three segments registered some price increases, hotel and motel operators took the most sweeping markups.

Item	Full service	Fast food	Hotel/ motel	North- east	South	North Central	West
Beverages:							
Coffee	$ .67	$ .43	$ .78	$ .68	$ .53	$ .61	$ .67
Iced tea	.71	.54	.75	.75	.56	.67	.69
Soft drinks	.83	.60	.90	.90	.68	.76	.76
Beer	1.48	.81	1.91	1.65	1.38	1.23	1.34
Wine (glass)	1.76	2.00	2.03	2.19	1.49	1.97	1.72
Sandwiches:							
Hamburger	3.26	1.37	4.31	3.59	2.91	2.96	3.03
Cheeseburger	3.51	1.57	4.51	3.90	3.11	3.10	3.27
Ham & cheese	3.52	2.21	3.79	3.09	2.95	3.05	3.75
Club	4.10	2.58	4.64	4.76	3.73	3.84	4.47
Fish	3.27	1.92	4.13	3.05	3.02	2.10	2.47
Chicken patty	3.16	1.93	4.13	2.37	3.27	3.63	2.39
Other:							
Chili	2.17	1.62	2.72	2.53	2.24	1.45	2.77
French fries	1.11	.73	1.03	1.02	.81	.96	.99
Scrambled eggs	1.51	1.44	2.12	2.21	1.59	1.81	1.96

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ACTION EXPRESS

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***Real Dairy Discoveries*, a service of American Dairy Association begins on page 131.**

By the year 2000, there will be 41 million Americans between 50 and 65 years old.

■ **MARKETING**

Ultras: The Overlooked Market

Yuppies are overrated; it's the 50- to 65-year-olds who have spending power.

Yuppies drive BMWs. Ultras were driving BMWs when Yuppies were on training wheels. Yuppies are paying banks big mortgage money. Ultras paid off their mortgages years ago, and now banks are paying them with interest. Yuppies are having babies. Ultras' nests are empty and they are finally free to enjoy life to the fullest.

The 50- to 65-year-old set the media has labeled Ultras, however, have been surprisingly neglected from a marketing standpoint. There are 33 million Americans between the ages of 50 and 65, and by the year 2000, the group will surge to 41 million, the biggest increase in any age group. The Conference Board estimates that Ultras spend 20.1% of their income on items considered non-essential, compared to a 16.5% overall average.

But besides expensive, upscale restaurants, loyal Ultra customers have few places to call their own.

"We fell so in love with the Yuppies, but then it dawned on restaurateurs that Yuppies don't spend as much money and are not loyal," says Ron Plummer, a restaurant and hotel consultant well-known for his creative design and new restaurant concepts. "Yuppies go everywhere once or twice but then you won't see them again. All their money goes into fancy cars or that first house. They show the flash and look rich, but they really don't have much. They are very risky to design a restaurant around, whereas the Ultras are your new long-term customers."

Plummer adds, "There is a huge opportunity out there for people to grab this

Ultras historically have been a neglected market.

Consistency is key to gaining loyal customers.

market. I don't think there are many restaurants around that cater to this group. I don't think people are giving it that much thought and attention."

The Ultras are no longer considered over the hill. They are vital and tend to eat out more as a habit as opposed to cooking at home. *R&I*'s 1986 Taste of America survey showed that 16.2% of 50- to 64-year-olds will eat out more often next year compared to this year. The average is 13%.

What can restaurants do to gain a share of a very loyal Ultra market? In order of importance, Plummer says service, food and decor are the most important.

"Ultras expect very good service and they don't go to places where they don't get it, even more so than the Yuppies who think of bad service as being chic," says Plummer. "There is room for the mature waiter or waitress that disappeared when everybody had to look young and cute. They don't have to be 21-year-old twinkies anymore."

The definitive food for Ultras is American, according to Plummer. There is greater emphasis on better food preparation and fried foods are out. The food they prefer is hearty, colorful and raises wonderful memories.

Old-fashioned dishes such as baked country ham or half a roast chicken in a lemon herb sauce sound a bit sexy, says Plummer, but not boring, and with a health connotation.

"Ultras are into health, but they are not into health foods," says Plummer. "They are into what is perceived as fun, healthy and expensive quality. I call it ultrachic.

"They are quick to remember their childhood and they like nostalgia. So they will eat meat loaf, but they want it garnished with three or four steamed vegetables. They also like salads, but they hate salad bars because they don't like to stand in line for anything.

"When they do eat dessert, they only want the best. They will reward themselves quicker than other age groups. They love fresh, home-baked products. It brings back a little tradition," he says.

Always for the Ultras, the trend is toward quality. Fresh brewed coffee is not good enough anymore, it has to be fresh-ground brewed coffee. These little touches are what they pick up on fast and talk about.

Ultras have style. Many are single again. They have life and they want to dance. Therefore, atmosphere is a key ingredient. Light and bright colors work best, says Plummer. "They don't want dull, dark colors anymore. They have learned that blacks and browns are old. Their clothing is colorful and they want to look and feel young."

Many restaurants are close to wooing the Ultras, but are too old-fashioned, says Plummer. All it would take is a little paint and a little doctoring of the menu and operators can grab on to this growing share of the market.

Plummer warns that some of the casual/theme restaurants had better do something soon because they are hurting. The fern bars are not packed to the rafters anymore. Plummer suggests reintroducing nostalgia to the menu; toning down the bars by getting rid of all the dark brown wood and Tiffany glass.

If some shrewd operators and investors can pick up this growing market segment, they could become ultrasuccessful.

—Jeff Weinstein

Many food and equipment companies have successfully entered the foodservice market under the direction of Ron Plummer. He is well known for his creative design and new concepts in restaurants and has been responsible for the creation of many new restaurants. He has redesigned both menus and restaurants, which have gone on to enjoy increased sales.

PROMOTING: SUCH A DEAL!

Even though Ultras have money, they are still conscious of what they can save. Following are types of promotions 55- to 64-year-olds are likely to use.

Two-for-one	**50%**
Meal specials	**40**
Cents-off coupons	**37**
All-you-can-eat	**36**
Price reductions: midweek dining	**31**
Senior discounts	**28**
Introductory menu item promotions	**23**
Early-bird specials	**22**
Special events	**13**
Games and contests	**9**
Premiums, non-food merchandise	**6**

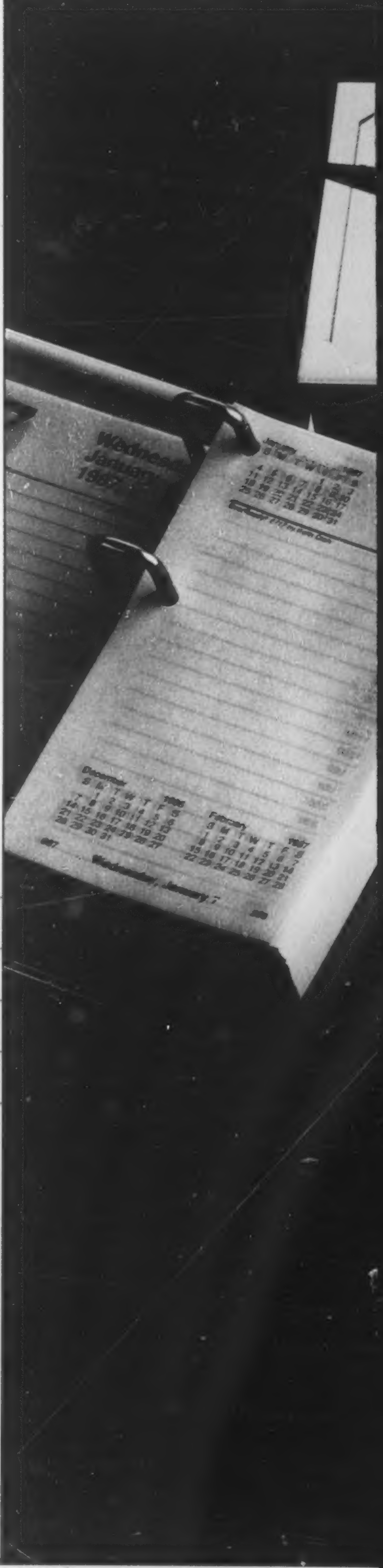
Source: National Restaurant Association

R&I EXCLUSIVE

FORECAST

From *Restaurants & Institutions'* vantage point, the opening moments of 1987 indicate the key words for foodservice pros are durability and flexibility. While our 1987 Market Forecast settles on a final figure of 1.5% real growth for 1986 (better than our original prediction of 1.4%), we are saying that 1987 will be just about the same, another 1.6% of real growth to $215 billion, the seventh straight year the industry has improved its position an achievement made more admirable by the many social and political challenges it now encounters. In spite of these, all signs suggest stable expansion, and it is this climate that will find out who the "stayers" are, those "400" companies and small operators who have mastered the art of both growing their business, but not too fast, and satisfying the demanding late-'80s consumer who wants an experience that is paradoxically new and old.

1987 ANNUAL REPORT

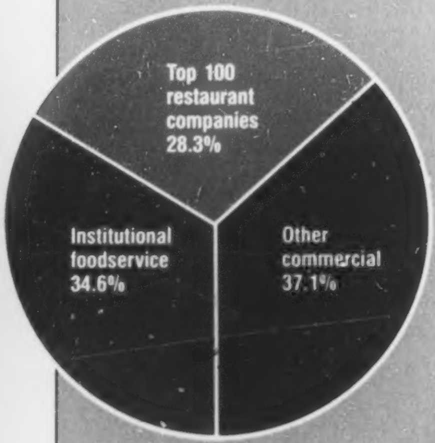


1987 ANNUAL REPORT

COMMERCIAL, INSTITUTIONAL SALES SPLIT AT 65%-35%

The volume of the 100 largest restaurant companies increased this year to more than 28% of all foodservice sales. Other commercial operations (smaller chains and independents) account for more than 37% of total sales, with institutional at 35%.

% of sales



Source: Technomic Consultants
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Today's customer has succeeded in 'having it both ways' and operators must deal with this.

How do flexibility and durability figure in the context of this year's foodservice market?

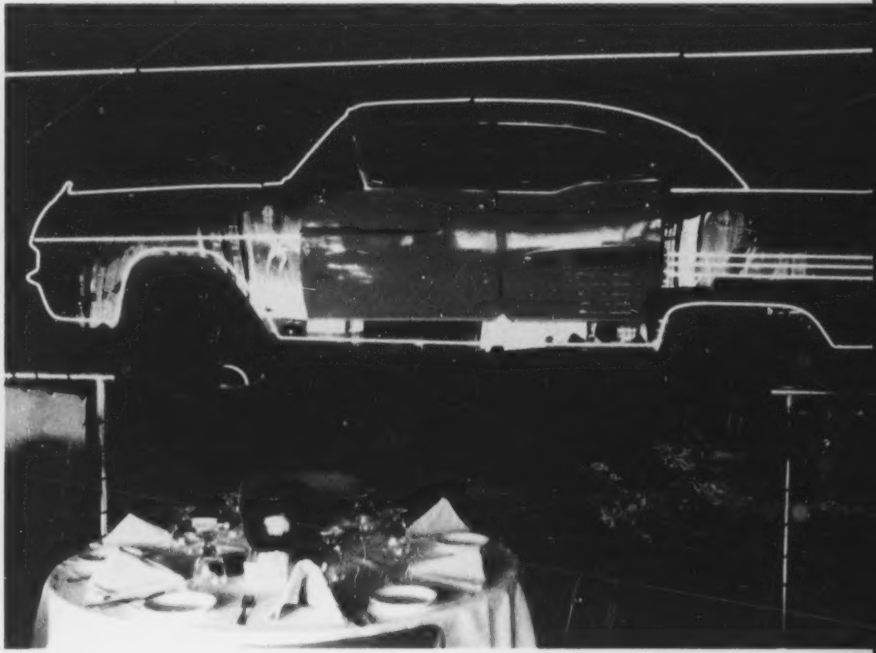
The eclecticism once seen as faddy has settled in as a standard pattern, and consumers have succeeded in "having it both ways," with the trend-setting and familiar rolled into one. Operators are geared up to deal with the picky, "tasting" mentality of the fast-track big spenders and at the same time are reviving the enthusiasm of mainstream customers who aren't given naturally to experimenting with new foods. In short, the cafeterias, coffee shops and country-cooking chains are getting just as zippy as the chic California, Chicago and New York grills and bistros—and the "regulars" are loving it.

Operators who find themselves on top of the situation have stretched to meet new demands but not made the mistake of overcommitting their resources to the point of hurting profits or even driving themselves into Chapter 11. It has been, and will be, a tricky game to play, trying to keep up with the new consumer and not hurt one's business in the process.

And, complicating matters, the economy while steady is basically sluggish, so it's a bit like doing acrobatics in molasses. Looking at the macro picture, we see a pattern in which the Gross National Product hit 2.6% last year but industrial production was flat. The majority of economists that we talked with say the GNP will grow only a modest 2% or so and the Consumer Price Index will be at 3.6%.

On top of this, there are numerous other elements that could play havoc with the general economy and the foodservice industry. Among them are the impact of tax reform; foreign competition; the uncertainty of the oil market; farm problems; the growing deficit (in spite of Gramm-Rudman); boom or bust regional economies; major changes in corporate and industrial structures brought about through mergers,

Neon, art deco and '50s antiques set the scene for the rebirth of an American classic —the diner.



acquisitions, buyouts; and, in some cases, the radical reorganization of an entire industry, such as the steel industry.

On the consumer side, the picture seems more predictable. Cahners Economics Department charts steady growth on its Consumer Confidence Index, up (on an index of 100) from 96.0 to 98.4. During 1987, disposable income should be up about 3.5%. In spite of the fact that big-ticket spending continues, foodservice spending also has grown at a favorable pace. This year 43% of food dollars will go for eating out, while grocery purchases show a decline. Another important consumer note is that tax reform is expected to help low-income groups and is likely to fuel the fast-food sector. At this point, no one can measure the impact of the 80-20 rule on high-end establishments.

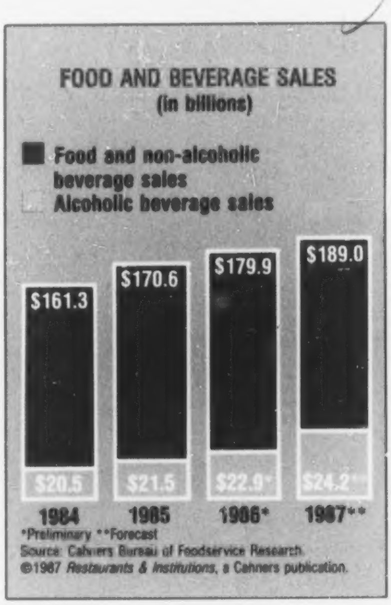
The trends

Look for some of these industry trends to help shape marketing plans for 1987 and beyond:

- Chains will seek new outlets—hotels, office buildings, highways, food courts and malls.
- Takeout is destined to expand; home delivery is still some time away from becoming mass experience, there will be many experiments in satisfying consumer demand for faster and easier foodservice experience.
- Downscale markets will be upscaled; Mainstream of the eating-out public will continue to become more sophisticated.
- Institutional segments will become more commercial and make a better fight for share of market; they will start to link up more effectively.
- "Brick and mortar" and innovative designs still will be critical to attracting customers, but sense of intimacy and closeness will become strong theme, too.
- Love affair with both spicy foods and more exotic ethnic offerings will continue; familiar ethnic foods such as Mexican, Northern Italian and Oriental will show good gains.
- Comfort foods and baked goods will fit into the "new traditionalism" pervading the country.
- Operators everywhere will look beyond the Yuppies to other groups—"ultras," over-60s, families—for growth and stability.
- California and New York will continue to create and export trends and experiments, to be picked up rapidly by top 20 markets.
- Rampant "foodism" abetted by all media will create strong climate for consumer spending and growth of foodservice industry.

The segments

Full-service restaurants still will be ruled by independents. Bistros, in various forms, will provide stiff competition for fine-dining and casual/theme operations. Cafeterias will continue to



*Preliminary **Forecast
Source: Cahners Bureau of Foodservice Research.
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1987 FOODSERVICE MARKET DOLLAR VOLUME FORECAST

R&I projects the seventh consecutive year of real growth for the foodservice industry in 1987. Real growth will be 1.6% with total sales (excluding alcoholic beverages) of $189 billion. Strongest gains will come from full service, fast food and convenience stores.

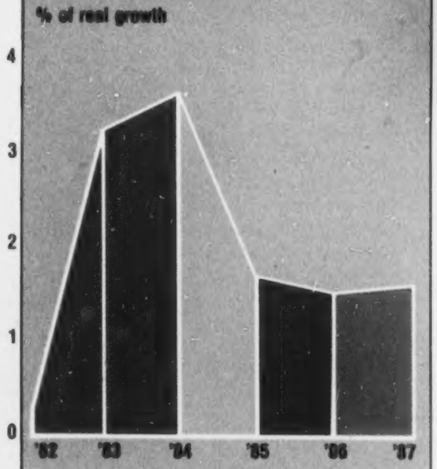
Sales by segment in millions	1984 actual	1985 actual	1986 estimate*	1987 forecast*	1985-86 real growth	1986-87 real growth	Market share
Full-service restaurants	$ 51,949	$ 54,754	$ 57,437	$ 60,079	+0.9%	+1.2%	31.8%
Fast-food restaurants	46,564	49,917	53,361	56,509	+2.9	+2.5	29.9
Employee feeding	11,438	12,307	13,132	13,815	+2.7	+1.8	7.3
Elementary and secondary schools	11,193	11,853	12,564	13,117	+2.0	+1.0	6.9
Hospitals	9,078	8,987	9,077	9,404	−3.0	+0.2	5.0
Hotels and motels	6,840	7,189	7,513	7,829	+0.5	+0.8	4.1
Colleges and universities	5,743	5,944	6,158	6,343	−0.4	−0.4	3.4
Military	3,916	4,132	4,339	4,495	+1.0	+0.2	2.4
Convenience and grocery stores	3,073	3,383	3,708	4,116	+5.6	+7.6	2.2
Nursing homes	3,331	3,518	3,718	3,922	+1.7	+2.1	2.1
Transportation	2,216	2,387	2,540	2,667	+2.4	+1.6	1.4
Retail stores	2,238	2,345	2,418	2,510	−0.9	+0.4	1.3
Recreation facilities	2,107	2,217	2,301	2,407	−0.2	+1.2	1.3
All other foodservice	1,581	1,654	1,728	1,832	+0.5	+2.6	1.0
TOTAL FOODSERVICE MARKET	$161,267	$170,587	$179,994	$189,045	+1.5%	+1.6%	100.0%

*Inflation factors: in 1986, 4.0%; in 1987, 3.4%. Source: Cahners Bureau of Foodservice Research. ©1987 *Restaurants & Institutions*, a Cahners publication.

Operators everywhere will look beyond the Yuppies to other groups for growth stability.

REAL GROWTH FOR SEVENTH YEAR IN ROW

The rate of growth for foodservice continues to accelerate as 1986 showed a 1.5% increase and 1987 looks even better at 1.6%. Economic conditions holding, 1987 should lead to an even better 1988.



Source: Cahners Bureau of Foodservice Research.
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hold their own, while steakhouses pursue the search for a stronger niche.

Fast-food companies can expect modest growth, around 2.5%, but many are proceeding with caution. As an example, Wendy's, which traditionally aims to open 500 stores a year, now says it will do 260 during 1987. Others are following suit. Price-value relationship has become even more important in quick service as consumers do comparison shopping.

For some fast-food chains, a re-evaluation of their niche might lead to repositioning. Some already are looking into joint ventures (Hardees and 7-Eleven, Wendy's and Baskin-Robbins, to name two) in search of new ways to expand. Fast-food chains also have to deal with the impact of the convenience store campaign to capture more of the quick-service market. The larger trend confronting chains is convenience in every form, whether takeout, delivery or mobile foodservice.

Another example of back to the future—the drive-in-and-thru — drives today's marketing.

C-stores keep expanding at a brisk clip, as they look to a second consecutive year of better than 7% real growth. It is likely that there will be more mergers and acquisitions as the two big players—7-Eleven and Circle K—absorb smaller companies, or medium-sized companies acquire smaller firms to compete more successfully. Circle K's latest advertising campaign stresses the main appeal of all C-stores as the "everything-in-one" unit. C-stores also are working hard to polish their image as a place for white-collar customers.

In the hotel and motel segment, the situation is best described as "overbuilt and flat." On the other hand, the lodging industry is aggressively marketing suites, selected amenities and finding more ways to build a variety of foodservice outlets in new units.

Schools and colleges will show new food faces in 1987. Schools are broadening menus and adding spice to decor. Colleges are offering more a la carte menus and increasing the use of debit cards for meal payments.

Health-care facilities are recovering from diagnostic-related groupings. Hospitals are becoming expert at selling their food wares outside the hospital. They are tiering their service, so those who want amenities can get them, as in room service beyond the normal meal hours. Nursing homes, still a hot segment, are diversifying their facilities to include more life-care programs and specialized wings to serve those afflicted with Alzheimer's disease.

—Michael Bartlett

RESTAURANTS & INSTITUTIONS

COMPARING THREE SCENARIOS FOR 1987 FOODSERVICE SALES

Forecasts for sales activity during 1987 indicate a slight difference of opinion among *Restaurants & Institutions*, the National Restaurant Association and Technomic Consultants. *R&I* and Technomics predict the same conservative overall real growth rate of 1.6%, although individual segment growth rates vary, while the NRA projects a more optimistic 2.4%. All three forecasts look for growth in the fast-food segment.

Segment, sales in millions	*Restaurants & Institutions* (3.4% inflation)		National Restaurant Assn. (4.0% inflation)		Technomic Consultants (3.4% inflation)	
	'87 sales	Real growth	'87 sales	Real growth	'87 sales	Real growth
Full service*	$60,079	+1.2%	$71,280	+2.3%	$58,289	+1.1%
Fast food	56,509	+2.5	55,833	+3.4	59,614	+3.0
Hotels and motels	7,829	+0.8	12,270	+2.9	6,576	0.0
Recreation	2,407	+1.2	5,944	+1.0	6,393	+2.0
C-Stores/Supermarket delis*	4,116	+7.6	—	—	1,807	+7.0
Other Retail: Dept./Drug*	2,510	+0.4	8,062	+9.8	3,469	+1.3
Bars/Taverns*	—	—	8,757	−1.0	1,171	0.0
TOTAL COMMERCIAL	$133,450	+1.9%	$151,461	+3.0%	$136,148	+2.0%
Business/Industry	$13,815	+1.8%	$6,797	+1.2%	$14,039	+1.5%
Schools	13,117	+1.0	4,152	+0.8	13,050	+1.0
Hospitals	9,404	+0.2	7,914	−7.0	9,673	−1.0
Colleges/Universities	6,343	−0.4	5,132	−0.1	5,634	−0.5
Military	4,495	+0.2	1,008	−1.4	5,450	+0.5
Nursing homes	3,922	+2.1	4,148	−5.4	3,937	+2.0
Vending*	—	—	4,282	−1.9	13,268	+1.5
TOTAL INSTITUTIONAL	**$55,595**	**+1.0%**	**$33,330**	**+2.0%**	**$70,224**	**+0.8%**
All other foodservice*	$1,832	+2.6%	—	—	$2,044	+0.5%
TOTAL FOODSERVICE MARKET	$189,045	+1.6%	$197,500	+2.4%	$206,372	+1.6%

*See accompanying notes for explanation of segment.

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Note: No alcoholic beverage sales are included. Commercial cafeterias are included in the full-service segment.

Convenience includes grocery stores.

Separate drinking place food sales are included in full service.

Vending sales are included in the market segment where they occur.

In all institutional (captive) segments, figures are calculated as commercial-sales equivalents, based on food purchases. Food contractor sales are included in the segment where they occur.

"Other" includes primarily social clubs, prisons and recreational camps.

NATIONAL RESTAURANT ASSOCIATION

Note: NRA includes alcoholic beverage sales in all figures. In the institutional (captive) market segments, only actual dollars spent are reported.

Commercial equivalents are calculated for nursing homes. Sales for food contractors are added here to the segment where the sale occurs. Vending figures include only food and beverages. Commercial cafeterias and social caterers are included in full service.

Military figures are for the continental United States only. Convenience store food sales are part of retail.

TECHNOMIC CONSULTANTS

Note: Transportation figures are from airlines only. Alcoholic beverage sales are not included in any market segment.

In all institutional (captive) segments, figures are calculated as equivalent commercial sales, based on food purchases.

Vending sales include all food and beverages.

Separate drinking place sales are food only.

"Other" includes prisons, convents, clubs, railroads, ships and miscellaneous segments. Total institutional includes other captive. Grocery stores are included in other retail.

■ MACROECONOMIC OVERVIEW

All Revved Up but Going Nowhere: Economy Plods On

Indicators suggest more of the same during 1987.

With the current lineup of favorable economic conditions—the decline in the value of the dollar, little to no inflation, lower interest rates and inexpensive oil prices—the economy should be bustling along at an impressive pace. Instead, it seems to be going nowhere. The real gross national product increased a modest 2.6% this year, and industrial production remained virtually flat. Even Wall Street gave analysts a run for their money this year as stock prices soared ahead, but then reversed and took an impressive two-day, 120-point tumble. Trying to make sense out of these economic indicators isn't easy.

Recession is on the mind of several analysts. Data Resources Inc. of Lexington, Mass., says that if the foreign trade deficit hadn't turned around by the end of 1986, a recession could occur. James Christian, chief economist for the U.S. League of Savings Institutions, says the economy is on the brink of recession, yet predicts 1987 will hold modest economic growth, slightly higher inflation and a great increase in the construction of single-family homes. Prudential-Bache, Arthur D. Little and Business Economics Inc. also are predicting a recession.

On the other side of the coin, the Reagan administration is projecting a 4% increase—the same size increase it incorrectly predicted for 1986. Of the 50 economists surveyed by the influential *Blue Chip Economic Indicators* newsletter, only two—Prudential Insurance and Morris Cohen & Associates—agreed.

Some consideration should be given to the ideas of John O. Wilson, chief economist for the Bank of America. He won the 1986 Silbert Economic Forecasting Award from *Blue Chip* for his accurate projections for 1983, 1984 and 1985. His projection for 1986 appears to be right on target and his thoughts for 1987 suggest a 2.2% increase in the gross national product and a 3.6% rise in the Consumer Price Index.

Wilson told *The New York Times* major structural changes—including lower inflation, a huge increase in the federal budget deficit and a sweeping overhaul of tax laws—are taking place in the American economy.

Long-term expansion seen

Restaurants & Institutions has reviewed these indicators and determined the economy is in the midst of a long expansion that began in 1983 and will extend into 1989. But not all sectors are sharing in this growth. Industrial markets are currently in a contraction period, while consumer and service markets are continuing to expand. Next year, industrial markets will begin to turn around, feeding consumer income and fueling further growth in consumer and service markets. Real GNP will return to the slightly above-average growth of 3.4%.

Three things worked against U.S. industrial markets this year: the energy collapse, an inability to compete with foreign products and general cyclical weakness.

The free fall in oil prices in early 1986 virtually put an end to oil rigging activity. It has had a negative impact on natural gas production as well because gas prices were forced down to stay competitive with oil.

In November, a three-member pricing committee from the Organization of Petroleum Exporting Countries met in Ecuador in hopes of laying the foundation for higher oil prices and a return to a fixed-price system, a system that had operated efficiently from 1960 until December 1985. U.S. analysts were divided on whether the committee and OPEC as a whole, scheduled to meet in December, would be able to reach an agreement.

Restaurants & Institutions believes the firming of oil prices, while not providing a great boost to the energy industry, will create enough stability to encourage the remainder of the economy to move ahead next year.

Another drag on the economy has been the impact of foreign competition. Even though the dollar, by Federal Reserve estimates, has declined by more than 30% against foreign currencies, little improvement has been seen in the balance of trade.

Some U.S. legislators are making overtures that they will take matters into their own hands. Led by Rep. Daniel Rostenkowski (D-Ill.), 13 congressmen journeyed to Japan, South Korea, Hong Kong and Thailand during November. Their message was simple: Countries that do not open their markets to American goods can expect retaliatory legislation.

"We are not here to demand; we are just delivering a message," Rostenkowski told a press gathering in Tokyo.

Rep. John Duncan (R-Tenn.), another tour participant, says because of these electoral changes and a general change in attitude, Japan no longer will be able to hide behind anti-protectionist Republicans. "Trade has become a non-partisan issue," says Duncan.

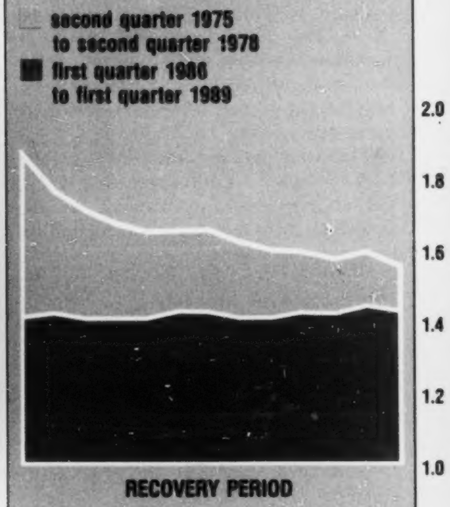
But all is not bleak with the international trade situation. One economist states that the perception of the situation is based on misleading statistics. And a new book suggests that Japan can be conquered financially if the country is approached properly.

According to Irwin Kellner, chief economist at Manufacturers-Hanover Bank, the dollar really has declined by only 4% from its peak in February 1985, not the more than 30% estimated by the Federal Reserve Board.

Domestic oil production has dwindled since world oil prices plunged in 1986. OPEC was trying to return to a fixed-price system as the year ended.

RATIOS INDICATE TIGHTER CONTROLS

During the previous economic recovery period (the second quarter of 1975 through the second quarter of 1978), sales-to-inventory ratios were significantly higher than actual and forecast figures for 1986 to 1989. This indicates tighter management control and milder cyclical swings.



*R&I forecast
Source: Cahners Bureau of Foodservice Research
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MACROECONOMIC OVERVIEW

As inventories hit new low, manufacturers will regear for higher production.

He has developed an alternative measure of the trade-weighted value of the dollar based on the currencies of our 17 largest trading partners, weighted by their share of U.S. trade.

The Federal Reserve index, by contrast, is out of date; it measures the currencies of countries that account for only 38.5% of our current trade. Nonetheless, further declines in the value of the dollar should provide a small boost to the industrial economy during 1987.

"Second to None: American Companies in Japan" is Robert Christopher's assessment of U.S. companies that prosper in Japan. While it concedes there have been more failures than successes, the successes—among them Baskin-Robbins, Coca-Cola, Schick, McDonald's and Tupperware—are quite noteworthy.

The book provides no easy solutions, but it does warn against one sure way to fail: an overwhelming concern for success the next quarter and no regard for long-term planning.

Inventories hit new low

Inventory-to-sales ratios reached record low levels in mid-1986 and have encouraged producers to add to current stock. Further inventory rebuilding is expected during 1987. Together, these factors will push industrial production up 3.6% next year.

Consumer spending for durable goods will receive a small boost from this increase in industrial activity. After adjusting for inflation, consumer durable goods spending will increase 3.3% in 1987 after growing a more moderate 2.4% in 1986. With consumer indebtedness high, the economy can't expect to receive a large boost from this sector in the near future.

Spending for non-durable goods is less affected by cyclical changes and will gain less from next year's increased activity. Non-durable goods spending will increase 1.9% next year on a real basis. Consumer expenditures for purchased meals and beverages will increase at a faster 3% pace.

But gains in the coming upturn will be more muted than in previous business cycles. In contrast to the boom-bust situation of the 1970s and early 1980s, the economy is expected to move in a more narrow range during the next few years. Business cycles will be shorter and milder because of several changes in our economy: inventories are better controlled, industrial capacity is more flexible, the cost of capital is lower and few supply shortages are expected for raw commodities.

This moderation in economic activity will have a positive effect on inflation. Although the deflation recently seen in energy and food is probably a thing of the past, inflation is expected to be held in check in the foreseeable future. Producer prices for finished goods will rise 3% next year after falling 0.9% in 1986. Consumer prices will rise only 2.6% after their 1.7% increase this year.

Another significant drag on this year's economy has been political: the continuous debate over tax reform. And while economists aren't giving the final legislation high grades for its expected impact on economic growth, its passage creates certainty in the marketplace that allows both economists and businessmen to be more sanguine about the economy's future course.

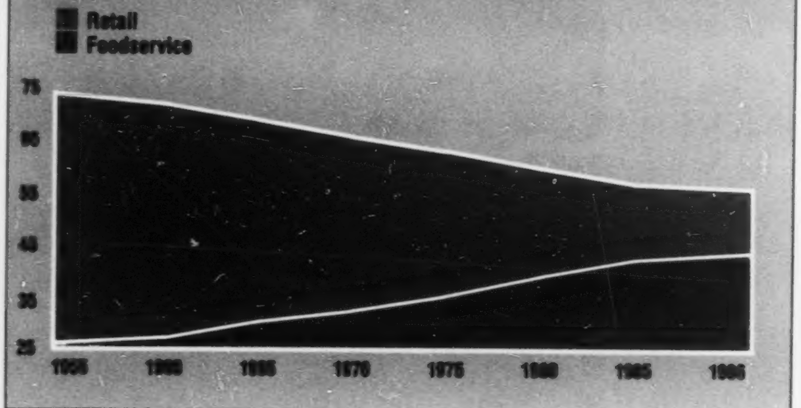
Basically, the tax package lowers total individual taxes and raises total business taxes. The end result is to increase the tax on production and cut the tax on consumption. While this may be an initial boost to consumer and service markets, in the long run, consumers eventually will pay the cost of increased corporate taxes. Higher business taxes will find their way through the financial system in the form of higher prices, lower dividends to stock holders and tighter constraints on wage settlements.

What all this means will unfold in the next few months. In the meantime, *R&I* believes its predictions of a real GNP growth of 3.4% during 1987 will hold true as the economy builds toward the 1990s.

—Kim Kennedy
—Brad Stratton

FOODSERVICE CAPTURES GROWING SHARE OF TOTAL FOOD DOLLARS

The trend continues: As it has since 1955, foodservice claimed a larger share of American's food dollars than it did the previous year. The estimate for 1986 shows the foodservice percentage is creeping closer to a 50-50 split with retail sales. The 0.4 percentage point increase from last year represents slightly less than a 1% increase.



*USDA preliminary estimate. Source: U.S. Department of Agriculture Economic Research Service.

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Warehouses were holding less stock during 1986 as inventory-to-sales ratios hit a new low. This should contribute to increased manufacturing in 1987.

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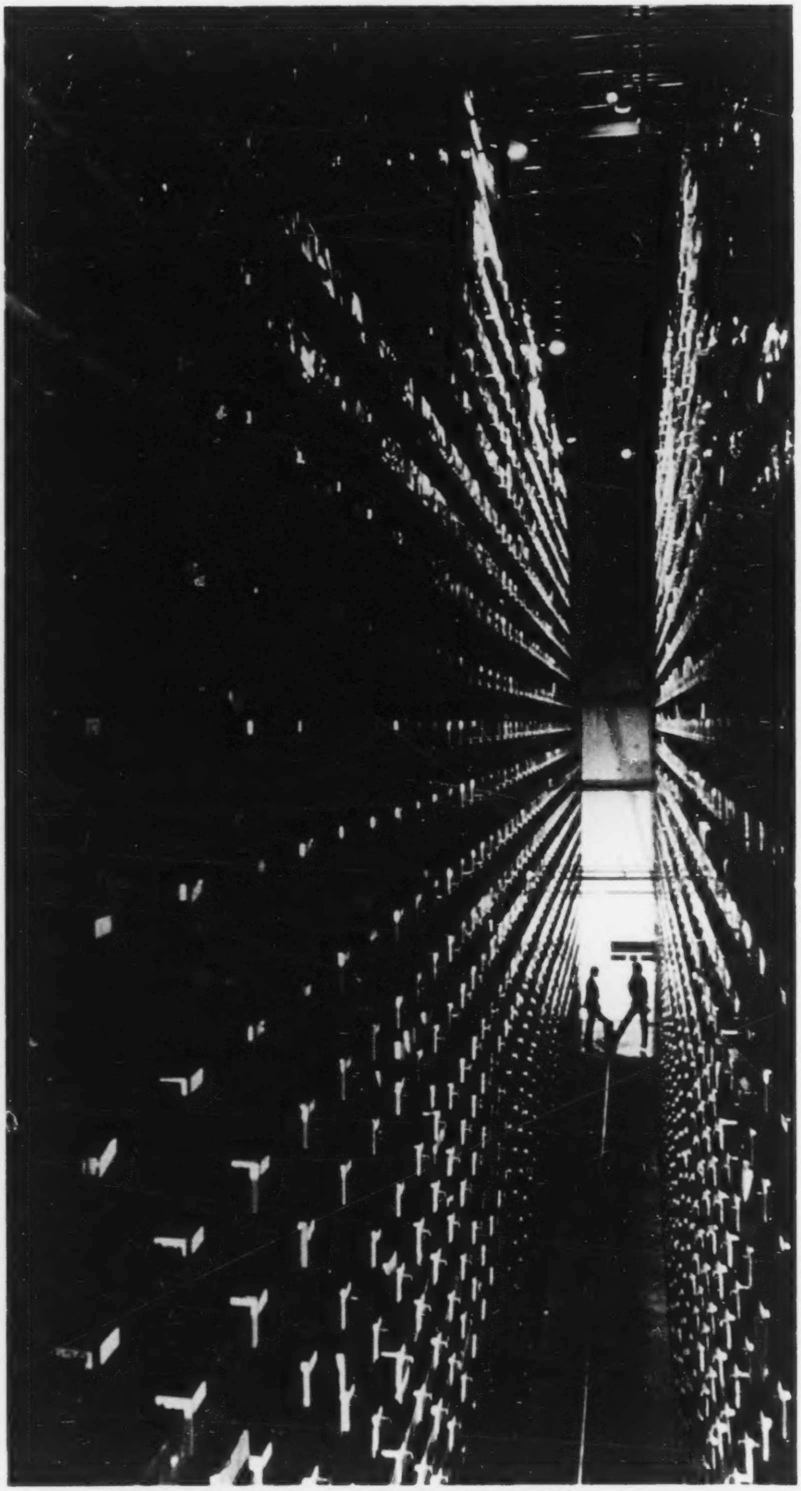
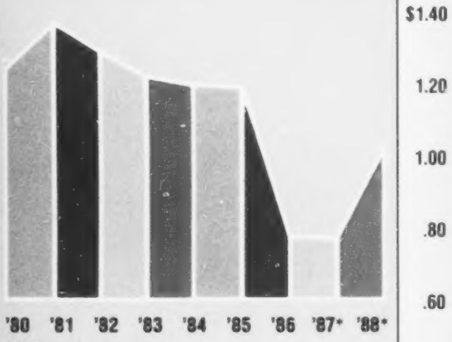


GAS PRICE DROP IS GOOD AND BAD NEWS

Consumers have more disposable income, thanks to the 35.6% drop in the price of a gallon of unleaded gas compared to last year. However, the price decrease has made domestic production of gas unprofitable, depressing areas of the country that rely on oil for income.



*R&I forecast
Source: Cahners Bureau of Foodservice Research
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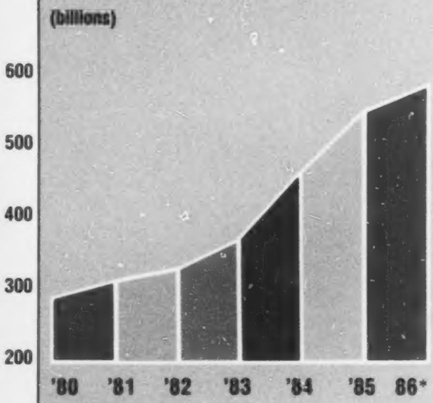
OUTSTANDING CONSUMER CREDIT
While outstanding consumer credit has increased nearly 80% since 1980, growth in foodservice sales has not been stifled. So the effect of skyrocketing credit on Americans' decisions to eat out appears to be minimal.



* Through July
Source: U.S. Department of Commerce

■ CONSUMER TRENDS OVERVIEW

Foodservice is a Constant of Consumer Spending

Industry growth is not affected by sales of big-ticket items.

In the battle for the consumer dollar, foodservice competes well with other industries. Even when spending on big-ticket items increases, foodservice sales continue to grow at a steady pace.

For example, lower interest rates have made the ultimate big-ticket item, a home, more affordable. Housing starts for 1986 are projected to grow 4.2% compared to −0.3% in 1985 as the baby-boomers are having an "echo" boom and reaching the stage where they have become today's conspicuous consumers. But during the same period, foodservice-sales growth did not suffer, steadily growing along at a 1.5% annual rate.

New-car sales also were stimulated in late summer by low finance charges. The now-famous 2.9% plan began in mid-August, swamping auto dealers with prospective customers. Wall Street analysts said foodservice sales would suffer because of the buying wave. But during the same month, *The Food Institute Report* cited a hefty 9.5% increase in eating-out sales during the same period a year ago.

Increases in remodeling expenditures peaked at 41.3% in 1984. But in the same year, foodservice sales increased by 4%. Again in 1986, foodservice sales show little effect of a 17.9% increase in remodeling expenditures.

Major appliance shipments dropped from a 22% increase in 1984 to a 5% increase in 1986, which should leave consumers with more disposable income for non-durable goods. Sales of microwave ovens and VCRs also are beginning to level off.

Real growth in all retail sales has been declining since 1984 when it peaked at 5.9%. It will grow only 1% in 1986, according to the Department of Commerce. But while many industries battle volatile swings in sales performance, the foodservice industry perseveres with a steadier growth rate.

Foodservice sales growth also is continuing its 30-year trend of outpacing grocery store sales growth. In 1954, total foodservice sales were 25% of the total market vs. 75% for retail grocery. At the present rate of growth, foodservice sales will account for 50% of American's food dollar by the year 2000. But grocery stores are beginning to react to the changing life styles by increasing availability of prepared foods and holding the inflation rate below that of restaurants.

While eating-out sales have grown at better than a 2% average annual rate since 1983, consumers are spending less of their disposable income in restaurants. Analysts at Alex. Brown & Sons Inc. say that in 1984 and 1985, the eating-out spending percentage dropped from 4.92% to 4.77%, accounting for more than a 1% decrease in eating and drinking sales. But how reasonable is it to expect consumers to keep increasing frequency of eating

out? These figures appear to indicate that foodservice has reached maturity.

One reason for what has been termed "sluggish" sales growth over the past two years has been overbuilding. Industry unit expansion jumped to 6.7% in 1985. Profits have been spread too thin and margins are weaker. But most of the large chains, which accounted for about 70% of the expansion, are planning to decelerate their unit growth. PepsiCo has indicated it expects Taco Bell to grow by only 260 units a year from 1987 to 1990, down from 300 a year in 1985 and 1986. So those operators who have staying power should see improved margins because of expected industry shakeout starting in 1987.

The tax-reform bill also will have some interesting side-effects on the foodservice industry. While business taxes will increase, operators can benefit because personal tax rates will be lower. Consumers should be walking around with more money in their pockets, giving restaurateurs a boost in sales.

Experts say $140 billion in taxes will be shifted from consumers to business. Cahners Economics estimates that approximately 5% of consumer expenditures go to eating out, suggesting that the industry could reap an additional $7 billion in revenue.

Since low-income consumers stand to benefit the most from the new tax tables, the greatest gains in sales should go to the already healthy fast-food industry and the growing convenience-store fast-food market, which *R&I* predicts will show real growth in 1987 of 7.6%.

On the downside of the tax bill, upscale operators will have to hustle to hold on to their share of business meals since the business-meal deduction has been cut to 80%.

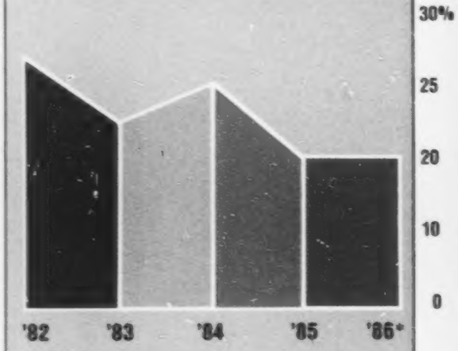
Ultimately, however, the new tax plan is expected to have only a marginal effect on the foodservice bottom line.

According to forecasters at Cahners Economics, the long-term outlook remains positive because changing demographics, growing employment and personal income all favor the eating-out life style.

At the present growth rate, eating-out sales will account for 50% of America's food dollar by the year 2000.

PERSONAL SAVINGS AS A PERCENTAGE OF DISPOSABLE INCOME

Personal savings as a percentage of disposable income has declined from 27% in 1982 to 20% in 1986. Presumably, consumers chose to retain more money for luxuries like eating out because the reduced savings cannot be pinned on high inflation.



* estimate
Source: U.S. Department of Commerce

1987 ANNUAL REPORT

The labor-force participation rate of married women with children younger than age 6 has increased from 12% in 1950 to 54% in 1985, rising above the rates for married women with no children.

■ CONSUMER TRENDS OVERVIEW

America's Older Face Good for Foodservice

America's demographic profile is changing, and mostly for the good of foodservice.

Because one-third of Americans belong to the baby-boom generation, household trends are dominated by baby-boom life styles. The oldest members of the boom are reaching middle age, when buying power and eating-out tendencies begin to peak.

The number of traditional home meals will continue to decline. By the year 2000, families will comprise only two out of three households, down from three out of four today. Married couples will live in just over half of all households, down from 58% in 1986.

By 1986, nearly 52 million women were working, about 200% more than at the end of World War II. Women's share of the labor force has grown from 29% in 1948 to 45% by 1985. So, gone are the days when mom stayed home.

The mother of the '80s has little free time and is likely to provide for her family by stopping at a favorite takeout place or gathering the children for a restaurant meal. Some working mothers, however, do not want to compromise their culinary standards. Midscale to upscale operators are making changes to accommodate families so instead of making faces at snails and rack of lamb, children are being offered their own menu. At the Wharton School of the University of Pennsylvania, Professor Jerome Katz thinks restaurants may begin placing highchairs near the windows so the establishment will not look intimidating to families.

The labor-force participation rates of married women with no children at home (many of them elderly) rose from 30% to 48% in the past 25 years. Married women with children between the ages of 6 and 17 more than doubled their participation, from 28% to 68%.

Experiencing unprecedented prosperity are senior citizens. The Conference Board in New York City says Americans over 50 have half the country's discretionary spending power. Over-65ers control an average of $5,219 each a year, as compared with $2,904 for those between 35 and 50 years of age. It also says consumers between the ages of 50 and 65 spend 20% of their income on non-essential items, compared to a 16.5% overall average.

—Jeff Weinstein

Americans over 50 are experiencing greater spending power.

1987 ANNUAL REPORT

■ FULL SERVICE

1.2% Growth Depends on Menu, Market Niche

Fine dining faces competition; new family demographics.

Although industry analysts are painting a brighter future for full service in 1987 (some downright rosy), even the most optimistic concede the future will not be uniformly bright for everyone in this widely varied segment. Fine-dining restaurants will struggle to keep their market share from slipping, and others—such as casual/theme and coffee shops—will cast about for a more marketable menu niche. Concepts with a traditional market niche—such as cafeterias—will show small, steady gains, and family type restaurants should benefit from current demographics. Private clubs are anticipating a 4% to 6% growth, despite toned-down expenditures in big oil cities and an anticipated tax-related drop in entertaining. And, throughout full service, the profitability scale will be more heavily weighted in favor of good management.

Fine dining's worries include not only the anticipated decrease from the new 80% business-meal deduction cap, but competition from proliferating moderately priced restaurants that fall into the category of the new American bistro. "Some restaurateurs will be more seriously affected by the tax law—those who have a business clientele may see a decrease in traffic, check average or both," says Bill Fisher, executive vice president of the National Restaurant Association (which predicts more than 2% real growth for full service next year). "Fine dining may see double-digit drop-offs," says Mark Eble, a manager in the Chicago office of Laventhol & Horwath. Eble notes "the influx of moderately priced, professionally managed creative restaurants," and feels the tax rule "is going to impact on fine dining. Only the well-managed will survive."

Leslee Reis, proprietor of 10-year-

(food and beverage sales in billions)

GROWTH STEP AHEAD FOR FULL SERVICE

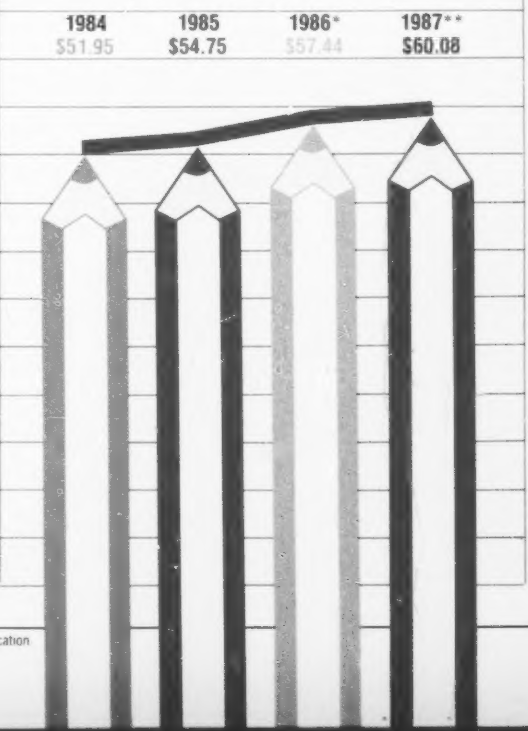
1987 will be a bright, if not dazzling, year for full service, a segment that spans fine dining to cafeterias. *R&I*'s welcome 1.2% growth forecast follows a lackluster, if not dark, 1986. Full service, which leads in market share, also stays a step ahead in trends.

1986-87 real growth: 1.2%

1987 units: 175,400

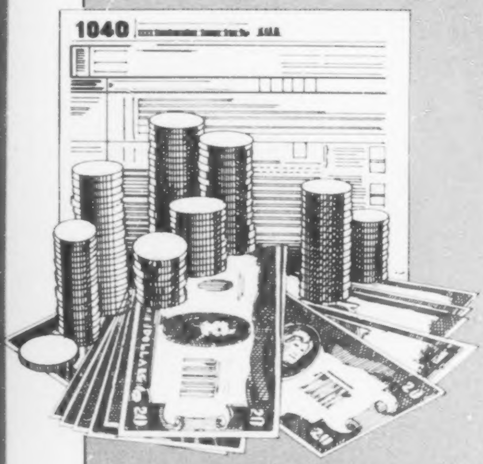
1987 market share: 31.8%

1987 alcohol beverage sales: $19.04 billion



*Preliminary **Forecast

Source: Cahners Bureau of Foodservice Research. ©1987 *Restaurants & Institutions*, a Cahners publication



LESSER OF TWO EVILS?

In the recent hullabaloo over the 80% deductibility of meals-for-business in the recent tax-reform law, we may be turning a deaf ear to a much more serious problem: liability insurance. "This is a national problem," says L. Edwin Brown, executive director of the American Culinary Federation based in St. Augustine. He feels meal deductibility is the lesser of two issues. "A certain segment of the population, and several segments of the foodservice industry are not affected by this clause," says Brown, "But everyone is affected by liability and the insurance crisis. Skyrocketing rates (some have quadrupled in one year) are a major thorn in small operators' sides and in the sides of large operators as well—because they must pass these costs on to customers." Brown cites three avenues of relief: legislation, education and public awareness. "Florida has legislated against outrageous premium increases," says Brown who feels that "insurance companies have not done a good job in creating public awareness and education." Brown would alert "judges and juries who award multimillion dollar settlements to realize where those dollars ultimately come from—their own pockets."

Leslee Reis, and Philip Stocks, Cafe Provençal

old Cafe Provençal in Evanston, Ill., concurs. Provençal's gain in 1986 was at the price of "$25,000 renovation, a professional maître d' and chef de cuisine who changes the menu constantly." Chef de Cuisine Philip Stocks feels that "the cost of running a first-class kitchen strictly on the up-and-up is increasing. And the problem of labor, all aspects, is underestimated. Training and keeping good people, not to mention highly skilled staff, is a never-ending expense." Reis adds, "It is increasingly costly both to provide and purchase fine dining. If you don't make people feel it's more than worth the $40 check average, they'll go to two moderately priced, trendy restaurants instead." Reis' second restaurant, a moderately priced, trendy American bistro called Leslee's, enjoyed a 30% increase in 1986 over the previous year.

Exceptionally well-managed operations with traditional menu profiles may well escape the threat of losing customers to trendy new concepts. Ryan's Family Steak Houses Inc. built high net profit margins, unit averages, and customer counts in 1986 without franchising or advertising. And Furr's Cafeterias Inc., looks forward to a 1% growth. Don W. Fritz, chairman and chief executive officer of the 132-unit Lubbock, Texas-based chain (that ranked sixth in full-service satisfaction in *R&I*'s 1986 "Choice in Chains" poll) says the 1% drop in traffic in 1986 was "mostly economic, not a loss in customers. Cafeterias in general have weathered the recent economic problem."

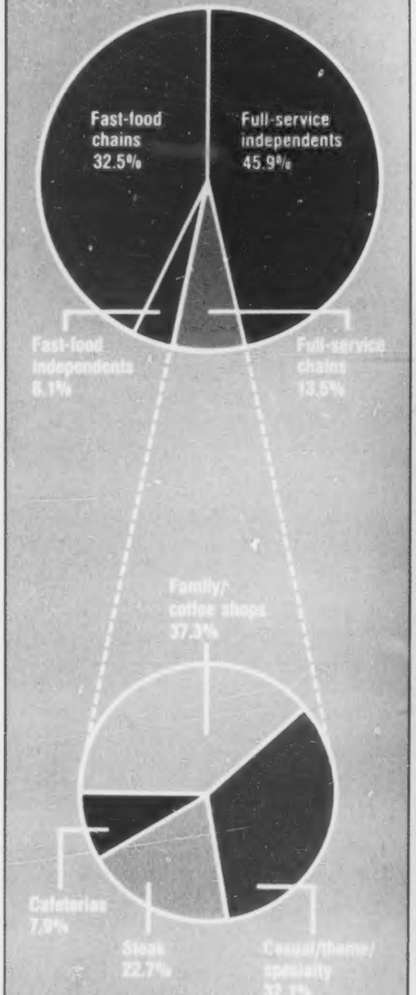
The current demographics on working parents strengthens the market position of family-style restaurants and chains, feels Eble (of Laventhol & Horwath). He predicts a real growth of 3% to 3.5% for family restaurants.

Private clubs, according to Horace Duncan, executive director, Club Managers Association of America, project a 4% to 6% growth in 1987, despite the "economy in big cities with oil—such as Houston and Denver—toning down expenditures in clubs. The tax bill won't affect clubs drastically."

Full service, a trend-setting segment dominated by independent operators, will experience heightened competition in 1987 driven by the new trendy restaurants in the $15 check-average range. Even well-established restaurants will struggle to maintain and increase market share.

LION'S SHARE

When it comes to full service, independent restaurateurs control the lion's share as graphically illustrated below. Family restaurants and coffee shops, such as Denny's, Big Boy and Shoney's, dominate the full-service chains. Examples of casual/theme and specialty chains include: Red Lobster, Bennigan's, Chi-Chi's; steakhouse chains: Ponderosa, Sizzler, Western Sizzlin'; chain cafeterias: Morrison's, Furr's, Luby's.



Source: Technomic Consultants

■ **FULL SERVICE**

Takeout and Home Delivery

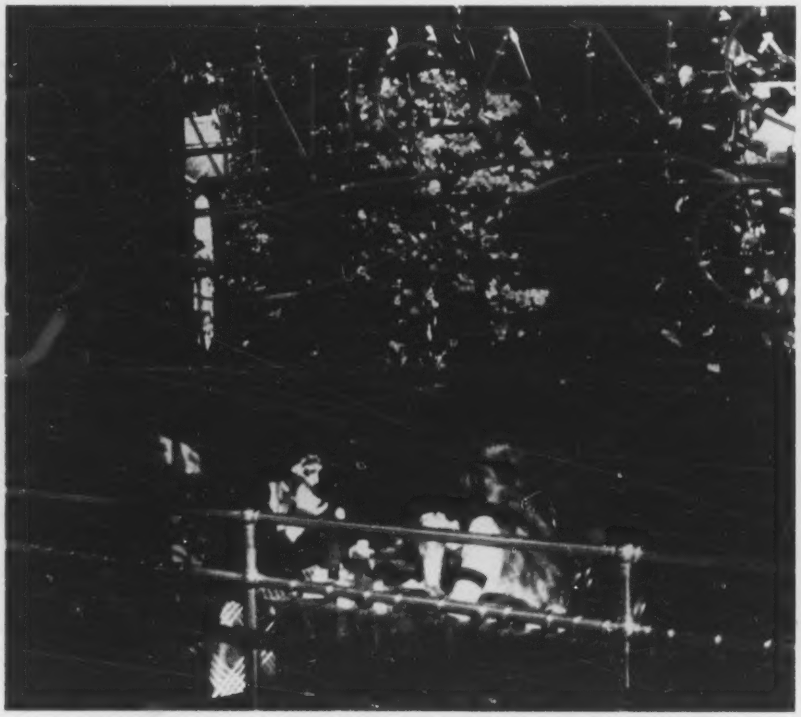
The entrepreneurial profile always has been a model for full service: The risks were high (so was the rate of failure), and the freedom to innovate made full service the source of major foodservice trends. But competition, a key element in entrepreneurship, existed primarily between like sub-segments: Cafeterias would compete with other cafeterias for market share; steakhouses with other steakhouses.

Now the boundary lines of competition are beginning to blur as new, trendy, moderately priced restaurants proliferate, offering a viable option to fine dining: twice the fun at half the price. Not only are customers trading down to trendy, but restaurateurs are scaling down as well. Barry Wine (The Quilted Giraffe, New York) opened The Casual Quilted Giraffe; Peter Salchow (Biggs, Chicago) opened Albert's Cafe and Martha's Vineyard.

The impact of the bistro concept is evident in recent ads billing TGI Friday's as "The American Bistro." Although Bennigan's, a traditional competitor, is not going to reposition, they are addressing a trend perhaps more far-reaching than bistros: takeout—with their newly designed takeout box.

The same equation that leads to the recent increase in takeout, adds up to home delivery, the next step for full service. The second baby boom—more working women, more microwave ovens and more VCRs—adds up to families who want to eat, but not cook, at home. In their quest for menu variety, customers are turning to mid-scale full-service restaurants.

The potential problems of home delivery are many, among them, limiting the delivery area, finding, insuring and keeping reliable home-delivery personnel. One possible solution is the free-lance delivery services for restaurants (akin to home-grocery delivery services) just cropping up. But for 1987, the market for home delivery will grow faster than the confidence in its profitablity. *—Nancy Ross Ryan*



Bennigan's, The Pillsbury Co. Restaurant Group

FAST FOOD

Operators Slow Down to Get Ahead, Sharpen the Niche

Focus on the consumer: Scaling back, retrenching are now trendy ideas.

The slowdown is here. Perhaps to stay.

The fast-food companies, their unit growth having outpaced population growth, are scaling back their expansion plans in favor of sharper customer focuses and marketing niches.

Kentucky Fried Chicken will add 300 units this year, not 350 to 400 as originally planned, and will focus on development of new products, such as salads and non-fried chicken; new services, such as drive-thru and delivery; and a new look, including completion of its image enhancement program and more seating to build lunch traffic.

Wendy's, once committed to build 350 units a year, will add 260 in 1987 and shift to a focus on price-value relationship, family business and smaller portions at smaller prices. The chain is selling or closing 164 units to boost its 1987 margins. And despite denials, rumors persist it will sell its Sister's Chicken & Biscuits concept, which already has pulled out of the Detroit and Memphis markets.

What is a chain to do in these fiercely competitive times?

"There really is no crisis," says Richard Mayer, chairman and chief executive officer of PepsiCo's newest foodservice operation, Kentucky Fried Chicken. "What we are reading about is that the industry has been soft for about a year due to the fact that consumer debt is at an all-time high.

"Foodservice has been growing at about a 6% to 8% rate, which is good," he continues. "You talk to any other industry and they would kill for that kind of growth rate."

R&I agrees with Mayer's forecast, projecting 5.9% nominal growth for the fast-food industry in 1987 on sales of $56.5 billion. That is a real growth rate of 2.5%.

REAL-GROWTH GAINS CARRY A PRICE TAG

Across the fast-food spectrum, operators are gearing up to serve the needs of today's convenience-driven consumer, while trying to maintain market share in a ferociously competitive environment.

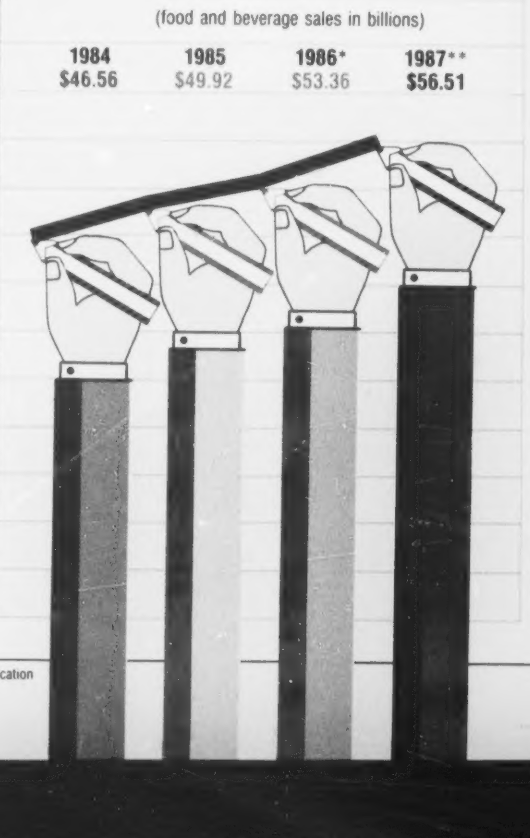
1986-87 real growth: 2.5%

1987 units: 141,700

1987 market share: 29.9%

1987 alcohol beverage sales: $637 million

*Preliminary **Forecast



Source: Cahners Bureau of Foodservice Research. ©1987 *Restaurants & Institutions*, a Cahners publication

Kentucky Fried Chicken

COLAS TAKE THEIR PLACE IN THE RESTAURANT BATTLE FOR MARKET SHARE

According to Bob Barney, chairman of Wendy's, "Our decision to replace Pepsi (with Coke) isn't war . . . it's simply good business."

With those words, published in an open letter on Wendy's stationery as part of a full-page ad in *The Wall Street Journal*, Barney declared that Wendy's is the first chain to let PepsiCo know what it thinks of its purchase of Kentucky Fried Chicken.

What Wendy's thinks is that PepsiCo, which now owns the largest chicken, Mexican (Taco Bell) and pizza (Pizza Hut) chains, is trying to take too many customers away from Wendy's by positioning the trio as favorable alternatives to fast-food hamburgers. Only time will tell if the Wendy's switch is part of an industry-wide backlash.

For PepsiCo, the KFC purchase makes it the largest operator of restaurant outlets in the world, and particularly propels it into major international foodservice markets. Most securities analysts believe the KFC acquisition will pay dividends for PepsiCo in the long run. As one points out, the domestic foodservice business is four times the volume of the domestic soft drink business.

RESTAURANTS & INSTITUTIONS

Schlotzsky's is one fast-food chain that already has begun to spruce up its look to keep up with consumers.

Schlotzsky's

Wendy's

IF THIS IS WAR, WHY IS EVERYONE COOPERATING?

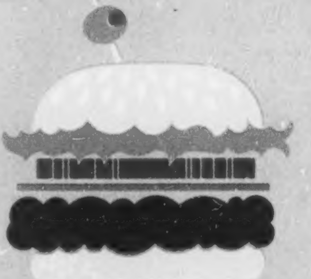
In the foodservice business, declarations of war are sort of like tax regulations; they have loopholes.

Although everyone in the industry says that anyone else who sells food is a competitor, the spirit of joint venture and cooperation is alive and well.

For instance, in Richmond, Va., Wendy's is operating as a franchisee of Baskin-Robbins, selling the ice cream giant's product in a specially designed area of a Wendy's restaurant. In the Midwest, Hardee's, the fourth-largest hamburger chain, has installed soft-serve ice cream machines to manufacture and sell the Twistee Treat product from the growing chain out of Florida.

Now the convenience stores are getting into the act, their foodservice potential having been recognized by the fast-food operators of America. Circle K has joint ventures going in some way, shape or form with Hooker's Hamburgers, Dunkin' Donuts, Winchell's and Mr. Donut. Southland's 7-Eleven division is operating tests in conjunction with Rocky Rococo Pizza, Church's Fried Chicken and Hardee's.

Even Dairy Queen is venturing into the fray, testing joint occupancies with Grandma Gebhard's Cookies and Mr. Donut as a means to reach new dayparts for the ice cream-based chain.



BREAKDOWN OF THE TOP 100 FAST-FOOD CHAINS BY TYPE OF MENU AND OPERATION

Hamburger	**53.6%**
Pizza	**13.6**
Chicken	**11.5**
Ice Cream	**6.8**
Sandwich	**4.8**
Mexican	**4.4**
Seafood	**2.8**
Doughnut	**2.1**
All other	**0.3**

Source: Technomic Consultants, Sellers Guide to Chains.
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FAST FOOD

Consumers Want Convenient Foodservice

What the consumer understands these days is convenience—almost anything that saves time carries a premium value. The fast-food industry, paced by the pizza segment, can carry that premium to the maximum.

"Pizza is probably the fastest-growing segment of the industry," says Doug Dawson, vice president of finance for Domino's. "Delivery is the fastest-growing segment of the pizza industry."

Domino's, the second-largest pizza chain and largest delivery operation, sees its customers becoming more and more service-oriented, says Dawson.

"That trend will continue. They can sit at home and within 25 to 30 minutes have a quality pizza delivered to their door. If people are going to go out," he adds, "it's going to be to a higher-class eating experience." As far as Domino's is concerned, if the economy sours and even more women swell the ranks of the 50 million already in the work force, delivery will continue to boom.

"The continued drive toward convenience," will fuel the foodservice industry, says Michael Jordan, president of PepsiCo, which owns Kentucky Fried Chicken, Taco Bell and Pizza Hut. "The home-delivery phenomenon is telling us people want to consume the product in a more convenient fashion."

The whole thrust of his company's foodservice strategy, he says, is to "fit the logistics of consumer needs. That's clearly what is behind delivery."

"We're very pleased with it," says Steven Reinemund, the Pizza Hut president whose company is now in more than 20 markets with delivery and finding great success with it. "The market for delivery is even larger than I expected it to be."

Is it a problem for Domino's?

"It will expand the market and credibility," Dawson says of Pizza Hut's dynamic entry. "Some other chains will get into it. Our major competition is the ma-and-pa store that delivers as a sideline. We're not really afraid of Pizza Hut.

"We've been doing this for 25 years," he stresses. "We've learned from our mistakes. Pizza Hut and everyone else will make mistakes. It's not as easy as it looks." ***—Howard Schlossberg***

Consumers want convenience: Domino's is one chain that delivers it.

1987 ANNUAL REPORT

BUSINESS & INDUSTRY

Employee Feeding: a Business within a Business

A decrease in subsidies, mergers and acquisitions change industry.

Ten years ago, when *R&I* introduced its first all-industry annual report, business and industry, then called employee foodservice, was a $3.9 billion business and ranked about fifth in share of market of total foodservice dollars.

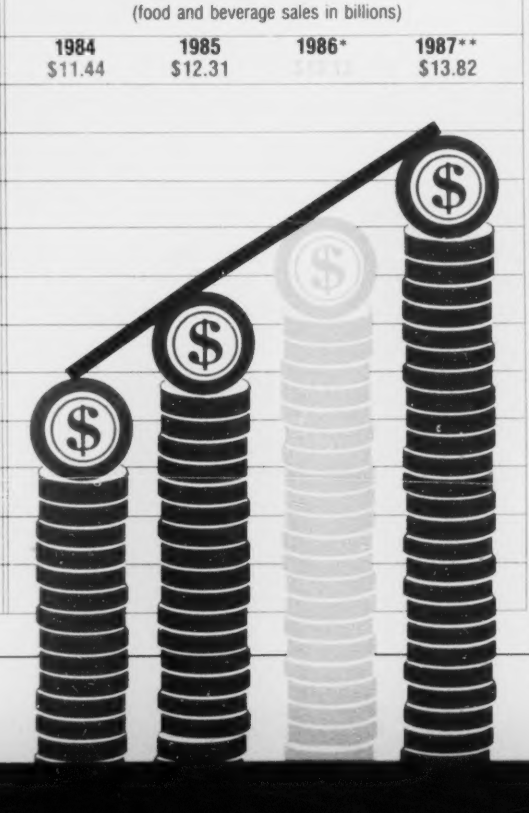
Today, business and industry is a $13.1 billion business and ranks third in share of market. And as all things mature, foodservice within the workplace has evolved to meet the demands of today's employees.

Mergers and acquisitions have left the biggest mark on this foodservice segment, says Phillip Cooke, executive director of The Society for Foodservice Management. "Acquisitions are the shortcut to ensure continued growth," he says. "The contractors are all gobbling each other up. We think we will end up with three or four major contractors."

Small regional contractors might see this as a wonderful opportunity for themselves, Cooke says. Smaller contractors will be able to offer more intimate service.

Joe Byrum, senior vice president for Morrison's Management Services, puts his finger on another major trend—the decreasing number of companies subsidizing employee foodservice. Cooke and William Lembach, director of foodservice for Eastman Kodak Co., agree.

Cooke says that all companies will be striving to break even on foodservice operations between 1990 and 1995, which could cause menu prices to climb. But operators should be able to hold the line on prices through increased productivity, he says. "And remember," Cooke says, "the B&I foodservice operators are not dealing with rent costs, heating and cooling costs like outside operators, so they can keep



BUSINESS AND INDUSTRY MEETS ITS CHALLENGE

Employees are finding their in-house cafeterias a viable alternative to outside foodservices. With healthful items on menus and design innovations, this segment sees few limits to growth.

1986-87 real growth: 1.8%

1987 units: 25,900

1987 market share: 7.3%

1987 alcohol beverage sales: $46 million

*Preliminary **Forecast

BUFFET, TABLE SERVICE, SCRAMBLE SERVERIES AND VENDING ALL ARE POPULAR MODES OF FOODSERVICE. EASTMAN KODAK SEES SELF-SERVE AS THE TREND. THE COMPANY SELLS CHICKEN WINGS BY THE OUNCE AND IN ONE WEEK SOLD 2,200 POUNDS. INDIVIDUAL PIZZA SLICES ALSO ARE OFFERED. SWITCHING HOT DOG SALES TO SELF-SERVE BOOSTED SALES CONSIDERABLY.

Source: Cahners Bureau of Foodservice Research.
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SERVERY LETS EMPLOYEES ESCAPE OFFICE ATMOSPHERE

The guiding philosophy of the American Bankers Insurance Group is that happy employees are the most important asset a company can have. Guided by this philosophy, the company's headquarters was designed with nearly every known amenity. The complex has a complete health club, fishing dock, sail boats, canoes, paddle boats, chipping and putting green, plus a large picnic area with cabanas and barbecue pit. A company such as this

BUSINESS & INDUSTRY

On-Site Retail Bakeries Play an Increasing Role in B&I

their costs down. However, there probably will be some increase in food costs to the customers."

Lembach doesn't see drastic price increases either. "I don't see us gaining the money back through price increases, but by trying to get more people in through promotions," he says.

At Ford Motor Co., the goal is just that: to increase participation through promotions. The company does not want its foodservice areas to be an "OK, let's-go-to-lunch kind of place," says Arnold Miller, manager of corporate foodservice. "We want it to be an event.

"We had a string quartet come in at lunch to entertain our employees," says Miller, "and the response from our employees was fantastic."

Gus Gregory, president of Total Food Service Direction Inc., another foodservice management company, says that his approach to foodservice is basically the same as it always has been, "fresh, natural foods, presented in an attractive manner."

Gregory says that "people want honest food. We have people asking how an item is made and what is in it." He also is noticing an increase in dessert sales.

This increase may be due to the fact that a majority of business and industry operations have on-site retail bakeries.

Total Food Service also offers cakes, breads and cookies in its facilities for customers to take home. "We can compete with the local convenience stores by offering our customers milk and bread to take home at night," Gregory adds.

Eastman Kodak really began its take-out retail operation this past Thanksgiving, selling 2,000 mince, pumpkin and apple pies. Plans are to expand the business. Eastman plans to build a food processing center in Rochester, N.Y., to simplify operations, as well as switch to a cook-chill system.

At Morrison, the new idea is to offer clients a total package from food to interior design. Borrowing from its experience in commercial cafeterias, Morrison's will offer three concepts.

Miller concludes, "There is no end to what companies can do with foodservice, and therein lies the challenge."

—Kathleen Marshall

U.S. Industrial Chemicals Co., Cincinnati

SCHOOLS

More Students Eating More Meals in School Programs

Ethnic foods, fish, fruit popularity increases; fewer fats found on menus.

The good news for school foodservice is that the steady drop in students appears to be over as enrollment and participation figures begin inching up. The ongoing "baby boomlet," while not as dramatic as the late '50s and early '60s, should begin to have an impact on these statistics by 1988.

Some of the most noticeable changes in school lunch programs have been in menus, and many directors have set improvement in food quality as the primary goal this year. Menu choices have begun to reflect Americans' concern with health and nutrition. Many standard recipes have been reformulated to reduce the levels of sugar, salt and fat, and new foods have been added to school foodservice repertoires.

Fish is becoming a more common item on many menus and it is no longer solely in the form of fish sticks. Students these days are asking for, and getting, fillets, nuggets and a number of other fish products. Fresh fruit also is turning up with much greater frequency.

A number of foodservice directors have also commented on the new level of sophistication apparent in student food selection. Ethnic foods continue to be the hottest new items, and not only because of their spices. Directors also are starting to go beyond the usual Mexican or Italian offerings. In San Diego, a *piroshki*, a Polish turnover stuffed with beef and cheese, has been added, while in New York, a breakfast *frittata*, eggs with tomato sauce and cheese served on a kaiser roll or croissant, now is available. Both items have been well-received.

Another issue that continues to trouble directors is participation or more importantly the lack of it, particularly among high school students. While it

STUDENTS CONTINUE TO BELLY UP TO THE BAR

"About 70% of our schools now have salad bars, and that includes elementary schools," notes Bill Mulcrone of the American School Food Service Association. "And they're not only being used for salads. Some days it might be a taco bar or a breakfast bar. This allows the students a choice and teaches them how to balance their diet. You see, we don't just feed children. We teach them how to eat."

In some schools, salad bars are stocked with pre-portioned cups of ingredients and students are expected to select certain combinations of foods in order to meet Type A requirements. If they choose other options they pay the a la carte price.

One of the only new features of the program in the Los Angeles Unified School District this year is the introduction of mobile salad bars in secondary schools. So far the response has been positive and the district has realized a slight increase in participation.

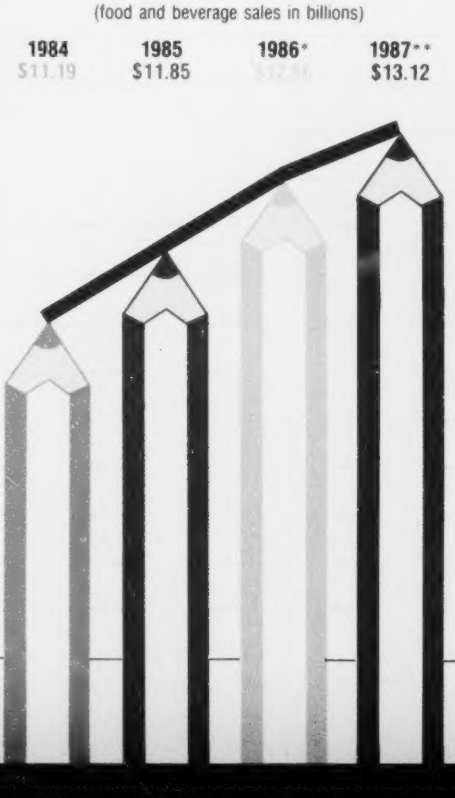
SCHOOL GROWTH STILL SEEN SLOW BUT STEADY

What growth there has been in school foodservice is due primarily to successful efforts to increase participation. While school enrollment has begun to rise, it will be several years before the effect really is noticed.

1986-87 real growth: 1.0%

1987 units: 93,200

1987 market share: 6.9%



*Preliminary **Forecast

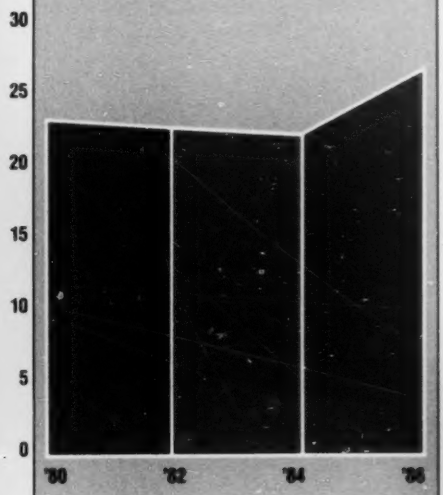
Source: Cahners Bureau of Foodservice Research. ©1987 *Restaurants & Institutions*, a Cahners publication

1987 ANNUAL REPORT

LUNCH PARTICIPATION EXPECTED TO RISE

After reaching a low in 1982, school lunch participation has risen slowly through 1986. The upward trend is expected to continue as the "baby boomlet" reaches school age.

(participation in millions)



*Projection
Source: U.S. Department of Agriculture.

■ SCHOOLS

Marketing Becomes Even More Important to Schools

remains a problem throughout the nation, individual programs have moved to handle it in different ways.

School days have been revamped in Detroit to include mandatory six-period days, and, as a result, more high school students are now scheduled for lunch. Director Howard Briggs hopes the change will have a beneficial effect on participation. The number of a la carte offerings also has been increased to include deli sandwiches and other foods popular with teen-agers, which in turn has increased foodservice revenue.

Much like everything in our society, the success of school foodservice programs is becoming increasingly tied to marketing efforts. School foodservice directors can no longer just put out the food and assume students will eat it. As Bill Mulcrone, communications director of the American School Food Service Association says, "Our directors are beginning to think of the students as customers, and so marketing and merchandising have both become very important."

In New York City, participation hit an all-time high in the first month of the school year with a daily average of 700,000 meals served. The Board of Education, under the leadership of school foodservice director Kevin Gill, sees marketing as an important part of its overall school feeding program. A major effort for this year, aimed at promoting school lunch which will include posters for subways and buses.

A major problem throughout the country has been declining secondary school participation. One attempt to combat this in New York comes from a newly developed program called Marketing Inc. It will be piloted in 26 high schools with a total enrollment of approximately 65,000 students. Each school will have a marketing class with about 30 students who will be instructed in basic marketing principles including advertising, use of surveys and other tools.

Students will then use their new skills to develop a marketing effort to sell other students on school meals. The hope is that teen-agers will be better able to reach their peers than adults either within or outside the school.

—Robert Keane

Small fry are getting more fish, more ethnic foods, tacos and salads.

■ **HOSPITALS**

Fight to Stay Alive Becomes a Battle to Get Ahead

Marketability will be the industry buzz word in '87.

Just one year ago, health-care facilities were suffering greatly from the effects of diagnostic-related groupings—Medicare's flat-fee reimbursement schedules. However, intensive care by marketing professionals has put many of these institutions on the road to recovery.

Although patient admissions remain down, this year's decrease is much smaller than that recorded in recent years. Patient admissions for the first six months of 1986 numbered 17 million, down only 2% from the same period in 1985. "We're beginning to see a leveling off in the utilization decline," says Andrea Mann, media representative for the American Hospital Association.

Increased amenities and more diverse services have helped attract patients, raise revenues and create a more competitive marketing environment. Foodservice has played a significant role in all these functions; for the first time in several years, positive growth is projected for this segment of the industry.

An increase in catering and cash operations at many facilities has helped put underutilized staff and equipment to work. Bill Edmundson, president of ARA Services' health care and nutrition services, says his organization has seen an increase in sales as a result of the growth in hospitals' outpatient services. "The cash side—the non-patient side—of our business is going up. People who have brought someone in for outpatient work are going to get hungry and, as a result, we've seen a real increase in our cafeteria sales."

However, AHA's Mann adds a word of caution about the future. "I don't have a crystal ball, but my guess is that hospital closings will again be relatively high. Smaller hospitals, especially, will still have it tough in the coming year."

continued on page 90

Hospital employees provide a captive, yet often overlooked, audience for foodservice marketing efforts. Discounts, special meals and take-home foods produce goodwill and needed revenues.

CONTINUING ON THE ROAD TO RECOVERY

Hospital foodservice directors have met with nominal success in their search for non-traditional sources of revenue. Various profit-making ventures have helped ease the pain of static admissions. Growth of these services will continue in 1987.

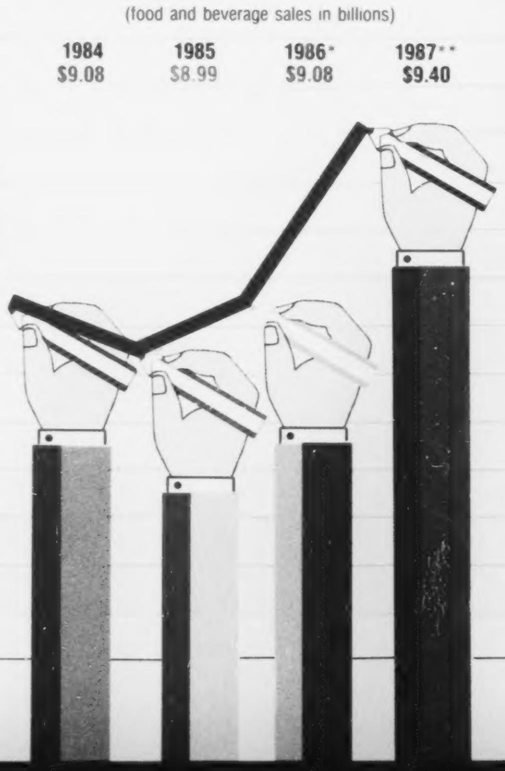
1986-87 real growth: 0.2%

1987 units: 6,890

1987 market share: 5.0%

1987 alcohol beverage sales: $23 million

*Preliminary **Forecast



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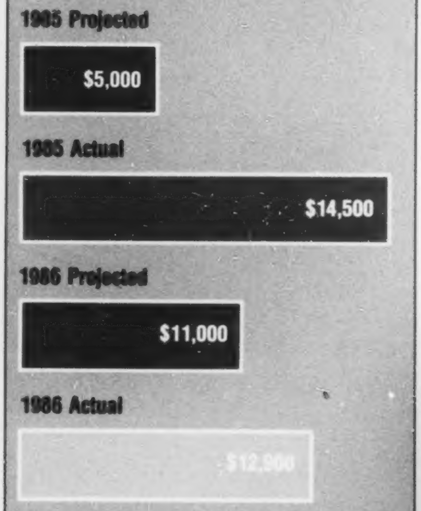
1987 ANNUAL REPORT

ROOM SERVICE DELIVERS FOR BLOOMINGTON HOSPITAL

Although not a tremendous moneymaker, room service at Bloomington Hospital is nonetheless very popular with both patients and staff. Created as part of an ongoing public-relations effort, the program's first-year sales totaled $14,500—nearly three times as much as originally projected. Approximately 50% of the Bloomington, Ind., facility's room-service customers are patients' visitors, 30% are patients and 20% are hospital employees.



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■ **HOSPITALS**

Out of Adversity Comes Opportunity . . .

No longer merely a source of nourishment for ailing patients, hospital foodservice has become an invaluable marketing tool. Gourmet meals, room service and other hotel-like amenities, coupled with new-parent dinners and special services for senior citizens: All have helped hospitals become more attractive to prospective patients.

According to Dianne Davis, president of International TEAM Associates, a New York consulting firm, many health-care facilities now attract the buying public by integrating hotel services within a medical setting. "Over the past year," says Davis, "drastic changes have significantly affected the ability of hospitals to effectively attract prospective patients. Health care has become a highly competitive, high-tech service industry striving to develop 'new products' to fill empty beds and underused facilities."

Accouterments and services offered today run the investment gamut. Certain amenities such as concierges, VCRs, and white-jacketed waiters for table- or bedside foodservice carry a proportionately large price tag. However, services such as "cafeteria hotlines," tape-recorded messages listing menu highlights, have been implemented for next to nothing.

Marjorie Beasley, foodservice director at Bloomington Hospital, Bloomington, Ind., has led the industry in discovering low-overhead alternate revenue sources. During the past three years, Beasley implemented such diverse operations as room service for visitors and staff, bakery and deli operations, and clinical and moderate weight-loss programs.

Other health-care operators have followed Beasley's lead, creating their own profit-making and goodwill-producing ventures. New-parent congratulatory dinners and first-day home meals, complimentary fruit baskets and gourmet dinners given as gifts have helped hospital foodservice directors utilize idle staff and equipment while helping their institutions acquire a "user-friendly" reputation. Catering operations, both on premises and off, have become a combination public-relations device and top moneymaker in recent years.

The face of hospital foodservice is changing. With patient admissions still down, and no relief in sight, the industry trend toward developing alternate sources of revenue will continue in 1987 and beyond. ***—Pam Erickson***

Marriott Corp.'s new-parent dinners

1987 ANNUAL REPORT

SLICING UP THE HOTEL MARKET

Budget, economy, midscale, limited-service, all-suite and luxury—never before have there been so many lodging options. Marriott, Hyatt and Quality International are just three of the many chains that continue to segment; a loyal Holiday Inn customer, for instance, now has five different Holiday Corp. "brands" to choose from. (Above) Breakfast time in the Surf Room at the Embassy Suites/Mandalay Beach Resort.

■ **HOTEL/MOTEL**

Segmentation, Overbuilding Create Industry Slump

The market is overcrowded; occupancy is down. Who is succeeding —and how?

In 1986, operators in the lodging segment had to tighten their belts and open their wallets at the same time.

The threat of terrorism abroad and the low price of gasoline kept Americans home last year and, as a result, they spent their precious vacation dollars in American hotels. That's the good news. But many markets are overbuilt, there are just too many hotels to choose from, and there's not enough business to go around.

To stay afloat in choppy waters, hoteliers took a variety of tacks. Some merely chose to discount room rates, although the results were not always positive. Many invested heavily in promotion, often targeting specific customer groups such as seniors or women business travelers. Others worked to expand traditional food and beverage options in an attempt to keep precious dining dollars in the hotel. Many increased the number and upgraded the quality of their in-room amenities while others did just the opposite. Most made sure to offer facilities for customers with special needs: non-smokers, the handicapped and so forth.

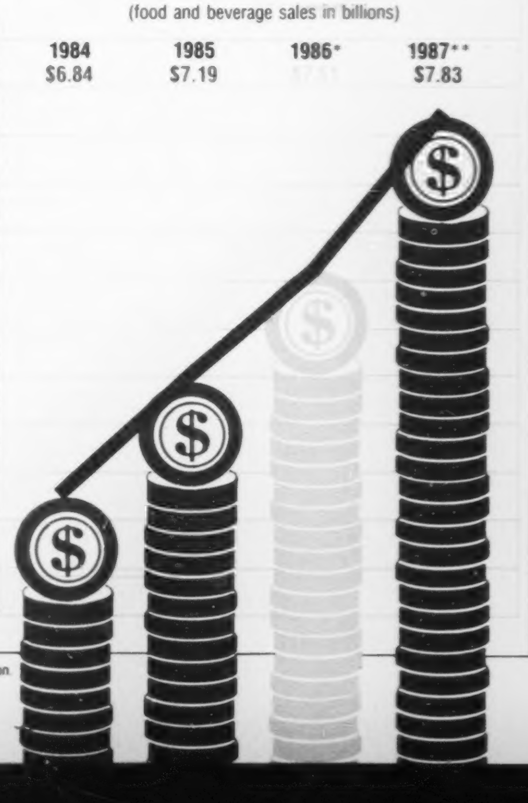
As in years past, operators paid close attention to which "extras" guests actually used and eliminated those that represented unnecessary expense. (Hair dryers, multiple phones, reclining chairs and imported toiletries were all well-received.) Fitness facilities, frequent guest programs and the availability of business services (such as computer rental) also were important points of differentiation.

In hotel restaurants, nutritional concerns are still important and healthy menus abound. Regional cuisines—Southwestern, Tex-Mex, Latin Ameri-

continued on page 100

HOTEL DINING SALES INCREASING GRADUALLY

Dining in hotels is becoming fashionable again. Hotel and motel foodservice revenues reached $7.51 billion in 1986, a figure that represents 0.5% real growth over 1985. For 1987 *R&I* is predicting foodservice sales of $7.83 billion.



1986-87 real growth: 0.8%

1987 units: 28,200

1987 market share: 4.1%

1987 alcohol beverage sales: $3.23 billion

*Preliminary **Forecast

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1987 ANNUAL REPORT

■ **HOTEL/MOTEL**

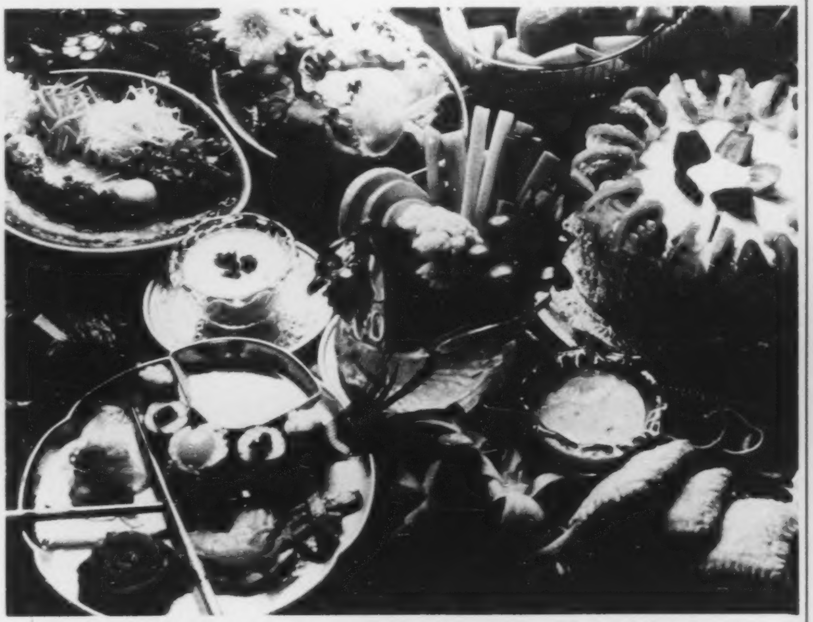
Just Wait: Occupancy Rates Will Rise in '88.

can, Alsatian—are extremely popular. Seafood, pasta and wild game are still hot, while grilled and rotisseried meats continue to grow in popularity. Sales of wine, imported beer and bottled water are soaring. Customers want quality and variety and successful hotels are dishing it up.

Meanwhile, others, particularly those in the limited-service segment, have opted to do away with traditional restaurants entirely. Some serve a complimentary breakfast in a lobby-lounge, where a cocktail hour is held later in the day. Others have implemented in-room microwaves and made packaged food available for sale in the lobby. Many operators have entered arrangements with free-standing chain restaurants: Days Inns with Arby's and Wendy's; La Quinta with McDonald's; Dillon Inns with Country Kitchens. Still others are turning to successful restaurant companies for help—Embassy Suites recently announced plans to have the S&A Restaurant Corp. manage all food and beverage outlets at six properties.

Looking to get maximum return on every square foot, a number of chains have chosen to eliminate entirely those areas in the hotel that do not directly generate income—swimming pools and meeting rooms, for instance. Others are downscaling their grandiose lobbies and towering atriums in order to enlarge guest rooms, which directly increases the guests' peception of value and level of satisfaction. More and more, public spaces are being "double-designed" so that one room can serve a number of functions.

While demand for hotel rooms has been rising about 2% annually during the past five years, the supply of rooms has been mushrooming at a 5% annual rate. Until occupancies increase, however, financing will be harder to obtain and fewer properties will be built. The new tax bill also will diminish the amount of new construction in coming years by eliminating the 10% investment tax credit and by lengthening property depreciation write-offs; the result will be more business to go around. Although the effects may not be felt until 1988, industry experts predict that by 1990, occupancy rates—which now hover around 65%—may reach 70%. *—Julie Mautner*



The Dining Galleries at The Fontainebleau Hilton, Miami Beach, Fla.

FIGHTING FOR THE FOOD DOLLAR

The struggle continues to keep dining dollars in the hotel. Some tactics: afternoon tea, room service, salad bars, late-night caviar, champagne and dessert bars, lobby deli and food shops, lobby bakeries, communal tables for single diners, regional food festivals and the hiring of well-known chefs as consultants. (Above) Afternoon tea at the Chicago Hilton & Towers.

COLLEGES

College Foodservice Fights Outside Competition

Feeding young and restless is a creative feat for campus foodservice.

Death and taxes are no longer the only certainties. Add to the list, student appetites. "We're feeding an enrollment of 15,000 kids equipped with bottomless pits called stomachs," quipped one foodservice director. But, more than the sheer volume students can consume is the seemingly endless variety of foods and dining options available to them.

College students across the country want a change of pace from routine campus foodservice, or what Ted Smith, Michigan State University's foodservice coordinator, calls "spirit lifters." And they don't just want changes at the evening meal. They want them at breakfast and lunch as well.

Luncheon and dinner menus are blending together. Fresh fish, for example, may sell well at noon while a sandwich bar at dinner does big business. In between, students continue their love affair with nachos, tacos, burritos, and have extended it to include fajitas and anything else Mexican. There is greater emphasis on deli bars and made-to-order sandwiches. Anything on a bun is popular. Fresh foods and foods that are perceived as fresh are the order of the day. The trend to lighter fare is prevalent. Red meat consumption is down. Items such as boneless grilled chicken breasts are replacing some beef items.

But hamburgers continue to hold a popular edge. Pizza, particularly the do-it-yourself personal pan size, is catching on. Michigan State features a pizza bar that offers six-inch cheese and tomato pizzas and an assortment of hot toppings students can choose for their pizzas.

Food bars are filling the demand for more self-service operations and more flexibility. Dessert bars, salad bars, spa-

Student enrollment is holding up surprisingly well despite academia's prophets of doom. Last year's predicted "big" drop hasn't materialized because the U.S. economy has been relatively stable. Also, schools are making an all-out effort to lure students back to the residence halls via strong marketing and merchandising programs. "The students that we already had, we're keeping longer," states one foodservice director.

COLLEGE DINING UP IN QUALITY, DOWN IN SIZE

Facing the possibility of significant enrollment declines again this year, college and university foodservice officials are pulling out the marketing stops. *R&I* predicts they will succeed in keeping the segment's real growth nearly steady at −0.4%.

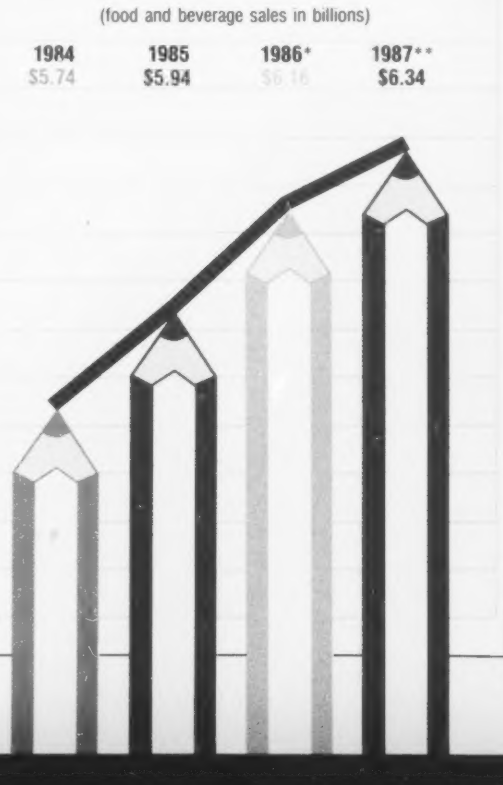
1986-87 real growth: −0.4%

1987 units: 3,160

1987 market share: 3.4%

1987 alcohol beverage sales: $36 million

*Preliminary **Forecast



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■ COLLEGES

Fine Dining and the Deli Rate on Campus

ghetti bars, yogurt, ice cream and even custard bars are cropping up on campuses everywhere.

But food is no longer the sole concern on campus. Decor, appearance and ambiance finally are getting their due after years of neglect. The move to "de-institutionalize" college foodservice operations is becoming a second priority, one that will have to be dealt with if college foodservice facilities are to compete with off-campus operations.

Fine-dining establishments to acquaint students with the art and propriety of white-tablecloth dining have been established in several schools. Michigan State recreated the signature items of 15 top local restaurants and served the dishes during the course of the school year. The University of Southern California took a different tack. It dispatched a culinary team to well-known restaurants around the country to work in their kitchens and learn to prepare several menu items which were then reproduced in USC's Commons Dining Room (decorated to resemble the featured restaurant).

Other schools simply remodeled or refurbished existing facilities and converted them into fine-dining operations with host-hostess seating and waiter-waitress service. In many cases, dining privileges in these establishments are included in the board plan on a limited basis. The success of fine-dining programs might result in a brand new trend on campus.

But, for now, the idea is seen in the context of a "spirit lifter." According to Ted Smith, students need exposure to other things besides hamburgers and pizza. Fine dining is a way of merchandising foodservice products and marketing a school's facilities. It's an attempt to lure students back to the residence halls the following year. It's also an education for them. They develop a respect for food preparation and presentation and get an idea of what that same meal might cost on the street.

Computers also are making inroads into college foodservice. They are being used to program everything from menus, forecasts, purchasing, inventory, and dietary and nutritional information. ***—Barbara Magan Dawson***

Colleges are realizing that they will have to do a more thorough and complete marketing job than they have been doing. It has become essential to get a grasp on their customer base and learn to understand it better. "We must know where on campus the customers are coming from," says Rich Wheeler of University of California, Los Angeles.

College enrollment of the deli is up. So are food bars of all types.

1987 ANNUAL REPORT

FROM THE HALLS OF MONTEZUMA TO PIZZA DELIVERY

Military clubs continue to find themselves with declining alcoholic beverage sales. In order to compensate for the drop in revenue, a greater emphasis is being put on the food, and attempts have been made to compete head-to-head with commercial establishments off-base.

At a number of Marine Corps bases, clubs have even gone so far as to become involved in delivery of pizza and other fast foods. The Marine Corps also has been increasing the level of training. An executive chef spends his time traveling around the world to different bases to teach ways to improve the quality of the food served. He covers everything from hot dogs on up.

"In terms of takeout and delivery, whatever is available in the outside community also is being done by a Marine Corps club, somewhere, be it chicken, pizza, hoagies, or whatever," says Joseph A. Caprara, head of the militray clubs branch, morale support division, USMC.

MILITARY

Never-Ending Battle for Higher Quality Food

Mess halls trim fat; clubs push food to replace lost drink sales.

The top priority for military foodservice operations is a continuation of efforts to improve food quality and nutritional value. All branches of the armed services are taking steps to meet the fitness goals they announced during the past few years.

In the Army, a significant effort has been made to alter the Master Menu, with red meat being reduced from 56% to 46% of the diet, while fish and poultry have been increased from 26% to 35%. Lowfat milk has been authorized as the primary milk used. Low-calorie salad dressings are the only ones now available.

Fresh fruit is available at every meal to also help reduce calories and increase fiber. Morning menus also have been modified so that appetizing alternatives to the traditional fat and sugar-laden breakfast foods are available.

As part of the effort to reduce sodium intake, a daily individual standard of 5,500 mg. a day has been established and incorporated into manuals and recipes. Sodium-free herbal seasonings are now put out on dining hall tables.

Similar moves are being made in the other services as well. Two-percent fat milk has become the standard for the Air Force, according to Germaine Gottschall, chief of Air Force foodservice. Self-service breakfast bars that allow personnel to spend less time on the morning meal are being introduced by the Air Force this year. Response has been very favorable.

While overall use of military clubs in the United States has remained steady, overseas there has been a slight increase. The dollar is not as strong in Europe and Asia as it has been, so military personnel can get more for their money on the base than off.

—R.K.

GROWTH FOR MILITARY SECTOR REMAINS SMALL

What increases there have been in overall foodservice figures have been minimal. The Army noted a 3% increase in the number of meals served in fiscal 1986, due primarily to a drop in the number of personnel receiving the basic allowance for subsistence.

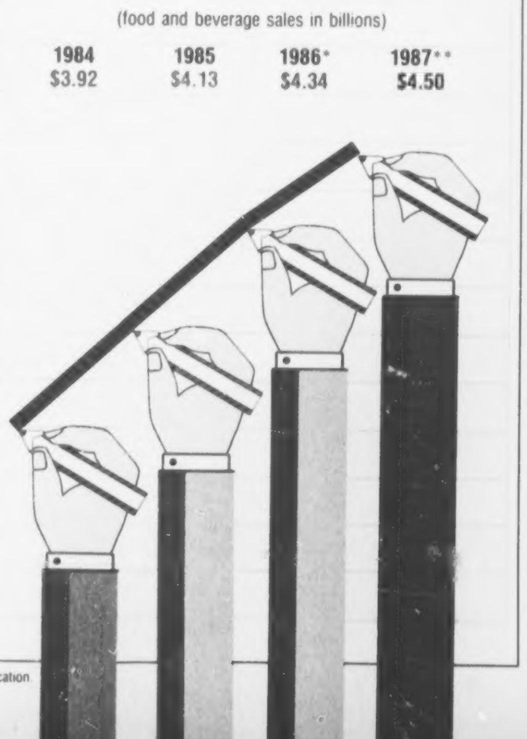
1986-87 real growth: 0.2%

1987 units: 2,670

1987 market share: 2.4%

1987 alcohol beverage sales: $371 million

*Preliminary **Forecast



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CONVENIENCE STORES

Fast, Faster, Fastest Is the C-Store Motto for '87

Expanding C-stores sell time to busy patrons.

Convenience store magnates could be called the ultimate opportunists. They are not really out to sell a product, they're out to sell time—a perfect commodity for a population with a lot of disposable income and not much time.

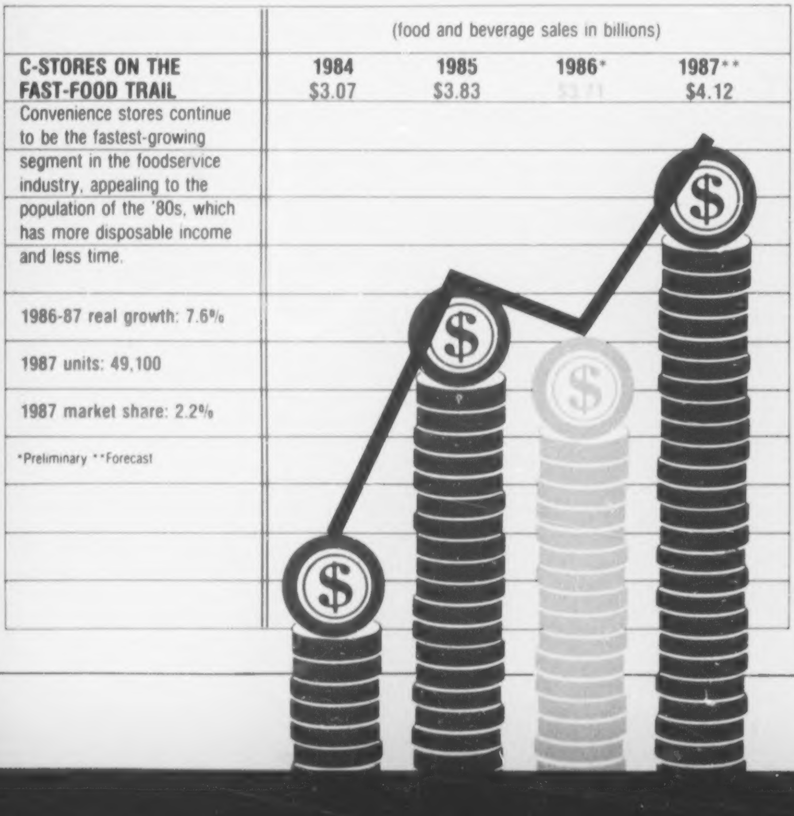
This means that anything that saves time is likely to be offered at a C-store. Automated teller machines, groceries, gas, videotapes and fast food bring in the customer of the '80s, and the sales figures prove it. With 66,000 stores nationwide, total volume has grown to $61.6 billion, a jump from less than $6 billion in 1975.

A large part of convenience store growth has been foodservice. Says editor Anita Hussey of *Convenience Store Merchandiser*, "Foodservice has had a bigger impact on convenience stores than any category since gasoline." The introduction and expansion of fast-food items continues to be one of the most successful ways to lure new customers, and luring new customers is one of the major goals of C-stores. According to *Convenience Store News*, fast food jumped to 5.8% of total sales last year in traditional C-stores, up from 3.6% the previous year.

A good indication of C-store fast-food growth is the increase in purchase of foodservice equipment. According to the *Convenience Store News*' 1986 annual Industry Report, a higher percentage of stores had chicken-frying equipment (9% in 1985 vs. 3% in 1984), hot chocolate and cocoa dispensers (65% vs. 28%), popcorn poppers (22% vs. 11%) and bakery equipment (15% vs. 9%).

The number and variety of fast-food items offered also continues to increase. Convenience stores have an advantage over traditional fast-food operations—they can cater to local tastes. Since C-stores are basically today's "mom-and-pop" stores, they operate

C-STORES ON THE FAST-FOOD TRAIL



Convenience stores continue to be the fastest-growing segment in the foodservice industry, appealing to the population of the '80s, which has more disposable income and less time.

1986-87 real growth: 7.6%

1987 units: 49,100

1987 market share: 2.2%

*Preliminary **Forecast

TOP 10 CONVENIENCE STORE CHAINS (BY NUMBER OF STORES)

1. The Southland Corp.
2. Circle K Corp.
3. Convenient Food Mart
4. Cumberland Farms
5. Silcorp
6. Dairy Mart
7. National Convenience Stores
8. Munford
9. Kampgrounds of America
10. Sun Co. Inc.

Source: Cahners Bureau of Foodservice Research.

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IGA STORES

At Ancona's IGA in Ridgefield, Conn., the deli department accounts for 10% of sales. It combines a New York-style deli, fast food, gourmet cheese and fresh pizza, all marketed from a tiny corner. Hot steam-table foods offer a range of foods: meatballs and fried chicken; fettuccine *al fredo* and vegetable lasagna, prepared daily.

■ **CONVENIENCE STORES**

Convenience Industry in Love with Potential

on an independent unit-by-unit basis. Albert Wrisley, professor of hotel, restaurant and travel administration at the University of Massachusetts in Amherst, Mass., and convenience store specialist, has been encouraging convenience stores to market by unit. He says that fast food is a good way to accomplish unit marketing.

On the cutting edge of fast-food offerings are top C-store chains Southland Corp. and Circle K. Southland's 7-Eleven has begun to put Hardee's hamburger units in the St. Louis and Kansas City, Mo., areas and plans to incorporate Church's Fried Chicken into southern and southeastern units and Rocky Rococo's Pizza in Detroit and Los Angeles units. Circle K offers 22 items in all including a variety of sandwiches, Mexican food and breakfast items.

With such a bright outlook, convenience stores still have to contend with several threats, particularly competition from gas station kiosks. C-stores, however, are adding gas pumps, and oil companies are more concerned with selling gas than with selling fast food and other products. The biggest threat is C-store's own image. Despite efforts to upgrade, the customers C-stores want most to attract—upscale young professionals, in particular, working women—have yet to find C-stores appealing.

Round-the-clock hours with cash always on hand tends to attract crime, making C-store patronage mostly male. Many companies have tried to combat that image by designing brighter, more open stores.

Grocery stores go after fast-food dollars

Those who thought grocery store salad bars and full-service delis were just a passing fancy are being proven wrong. According to *Progressive Grocer*'s 53rd Annual Report, 58% of supermarkets have a service delicatessen. (Five years ago, only 49% had a deli.) Today, it is unlikely that a new supermarket will be built without a service deli. Hot takeout food is growing every year as well; 42% of supermarkets offer hot takeout as they attempt to compete with fast-food chains. Some grocery stores have taken the extra step and added sit-down restaurants. Hot foods-to-go was one of the most explosive growth areas last year, as supermarkets expanded and upgraded offerings.

—*Nancy Bachas*

Circle K Corp., Phoenix

The jury is still out on the treatment of Alzheimer's disease patients. Although the number of facilities with special Alzheimer's wings is rising, many operators still feel that segregation does more harm than good.

■ **NURSING HOMES**

Long-Term Care Market Grows as Time Goes By

An aging population presents operators with challenges aplenty.

By the year 2000, 35 million Americans will be over age 65, and the number of individuals age 85 and over will double. According to a recent Health Care Financing Administration report, nursing-home care expenditures are expected to exceed $56 billion in the next five years, up from 1984 levels of $32 billion. Foodservice, too, will grow to meet the needs of the burgeoning nursing-home industry.

However, the obstacles to mining this tremendous source of "gray gold" are many. Resource-utilization groupings, a government pay-back system categorizing patients by the care they require, threaten to reduce reimbursements while costs continue to increase.

Foodservice directors can expect to feel the effects of RUGs shortly. "The cost crunch that came to acute care a few years ago is now staring nursing homes in the face," says Walt Geggif, ARA Services Inc.'s regional vice president of health care and nutrition services for continuing care. "RUGs will mean even more cost containment in the future."

Meanwhile, costs for resident care are rising. A General Accounting Office survey recently revealed that today's nursing-home patients are "increasingly dependent or disabled." As the population ages, expenses for special diets and assistance with meals also will grow.

To ensure residents get the care they need, the federal government instituted new inspection policies in July 1986. Julie Trocchio, director of delivery of services at the American Health Care Association, says the program emphasizes on-site observations rather than paperwork evaluations and pays special attention to nutrition and dietary services.

—Pam Erickson

A SHORT-TERM LOOK AT LONG-TERM CARE

Although demand for nursing-home beds is rising rapidly, growth has been slowed by inadequate reimbursement levels and state regulations limiting new nursing-home construction. Occupancy rates currently stand at 98%.

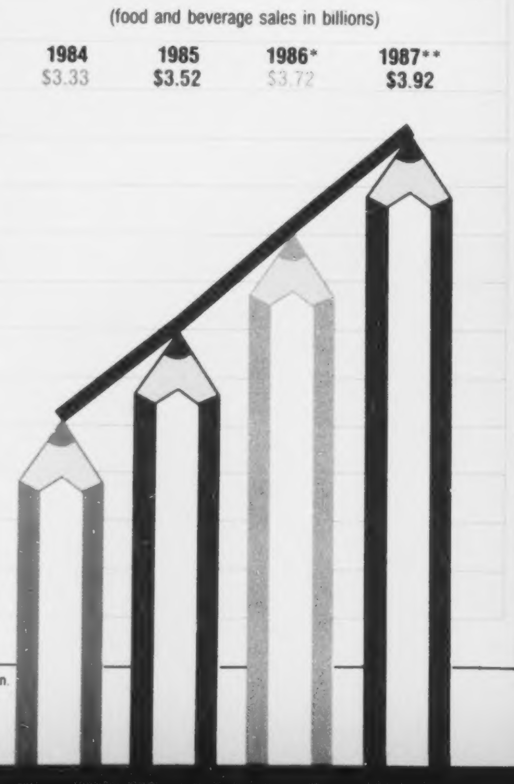
1986-87 real growth: 2.1%

1987 units: 19,100

1987 market share: 2.1%

1987 alcohol beverage sales: $22 million

*Preliminary **Forecast



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1987 ANNUAL REPORT

■ TRANSPORTATION

Will Airline Foodservice Survive Tough Times?

Mergers and takeovers are in full swing. Controlling costs now No. 1 priority.

Airlines have just weathered the toughest year ever. Forecasting future budgets, trends, sales and growth, is next to impossible.

Back in 1978-79, the dawning of deregulation, long-range prognosticators predicted that dozens of new carriers would enter the market. Most would not make it. The industry would see a shakeout. An "oligopoly" would be formed with six or seven giant carriers in control.

Eliminating the competition, however, is not always the answer. As mergers accelerate and the number of players shrink, the survivors grow less sure of what direction to take. Will the merged airlines operate as separate entities or as one system under one banner? What routes will be retained, dropped, expanded? Until these questions can be resolved, future foodservice plans are on hold.

Controlling costs is more the name of the game than ever before. Airlines are taking a hard line on budgets and spending. Discounts, a way of life in the industry, won't go away because one carrier has merged with another. But cutting back on food and beverage service incurs a long-term risk. Passengers expect to be fed. Meals have "entertainment" value and are an important marketing tool for the airline.

The Air Transport Association reports that spending on food and beverage as a percentage of operating costs has declined since deregulation. It was a flat 3.2% in 1985. But foodservice will not disappear. Food consistency has improved. Variety has increased. It is trendy. Midday meals are lighter. Nonmeal hour snacks are in. But, in a two- or three-entree selection situation, 40% of the passengers may still order beef. Some things don't change. —*B.M.D.*

Airline foodservice is cyclical. When budgets get trimmed, services are reduced. When food becomes a competitive issue, or complaints about it increase, service is stepped up. Most major carriers are looking to add more seats. That could mean less galley space, more streamlined equipment and storage space, smaller trays, plates, etc.

AIRLINE FOODSERVICE UP DESPITE TURBULENCE

Although the air-travel climate remains unsteady, and although airline foodservice continues to be the stepchild of a sometimes-less-than-willing parent, the transportation segment is expected to show 1.6% real growth this year, keeping up with the industry average.

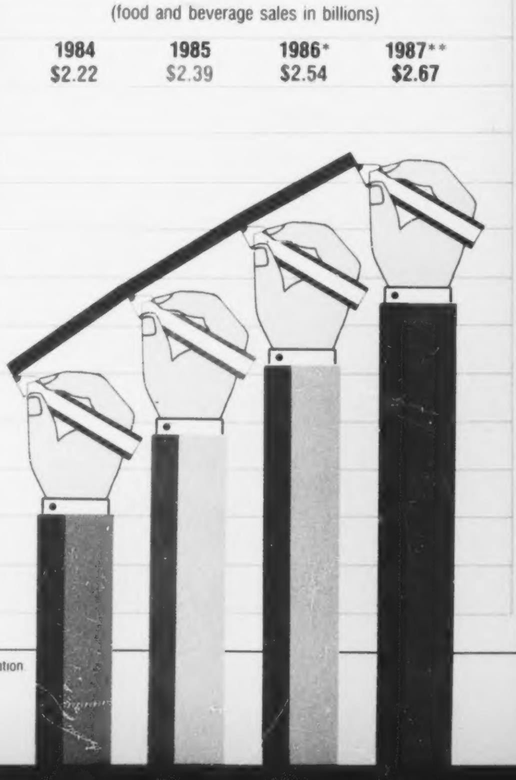
1986-87 real growth: 1.6%

1987 units: 395

1987 market share: 1.4%

1987 alcohol beverage sales: $469 million

*Preliminary **Forecast



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1987 ANNUAL REPORT

Stores that pre-plan for the future are the ones that will survive. Retail giants such as The Broadway and Dayton Hudson have been converting their operations from sit-down-only foodservice to a variety of trendy formats that include carryout marketplace food, gourmet delis, yogurt stands, fast-food concepts and very small sit-down theme concepts. Walgreens, K mart, Sears and J.C. Penney's are, for the most part, out of in-store foodservice.

■ RETAIL

Retail Segment Comes Full Circle with Service

Operators face stiff challenges as sit-down gives way to takeout.

Foodservice sales are intrinsically tied to the overall performance of a department store. But, the proliferation of discount chains such as Mervyns and Target Stores is precipitating a shakeout in the retail industry. The strong will become stronger. The weak will be swallowed up.

Furthermore, increasing numbers of working women plus the seven-day week operating schedule (which has spread out customer traffic) has severely curtailed lunch-time trade, the guts of the retail store's foodservice business. The days of the large sit-down dining room are over. Now, 60 to 90 seats are ample.

Customers want faster service, greater self-selection, more ethnic foods, lighter foods and healthful foods. The hue and cry is more food to go. Not just deli food. But gourmet takeout: caviar, pâtés, black fettuccine, gourmet pizza, stir-fry vegetables, and high butterfat ice cream.

Appetizers continue to appeal. Carter Hawley Hale has put in a second tapas bar in its Broadway chain and is stressing appetizer meals on all menus. Little food boutiques are popping up in high-traffic areas to attract clientele.

Dayton Hudson of Minneapolis, which discovered a bonanza with its yogurt bars (one 450-square foot unit does $450,000 annually), just introduced its "Chicken Strategy"—an all-chicken fast-food line of soups, salads, appetizers and entrees. Also, the chains's 400-seat Sky Room operation in Minneapolis will be converted into 14 quick-service units this spring.

Opportunities in retail foodservice are better than they've ever been for a few operators who can handle change.

The retail foodservice segment seems to be coming around full circle.

(food and beverage sales in billions)

RETAIL: A BRAVE NEW FOODSERVICE WORLD	1984	1985	1986*	1987**
	$2.24	$2.35	$2.42	$2.51

When they're good, foodservice sales in retail environments are very, very good, and when they're bad, they're horrid. Despite continuing defections and cutbacks by major retailers, the segment is expected to achieve real growth of 0.4% this year.

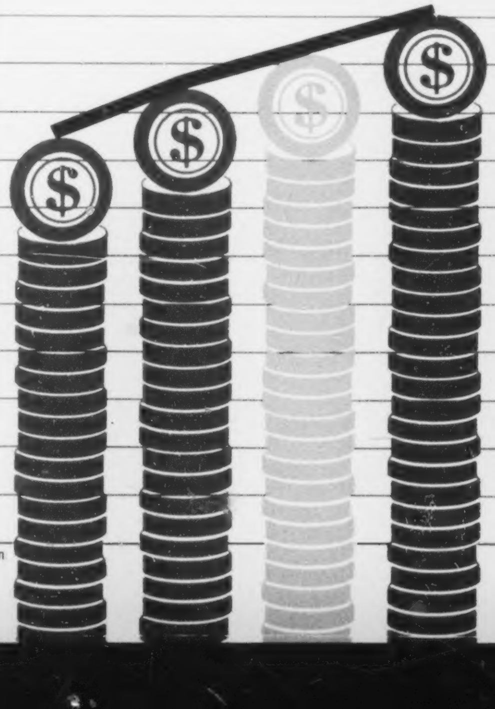
1986-87 real growth: 0.4%

1987 units: 9,600

1987 market share: 1.3%

1987 alcohol beverage sales: $3 million

*Preliminary **Forecast



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RETAIL

Merchandisers Take Stock of Foodservice.

In many stores across the country, foodservice appears to be on life-support systems. Some, including May Co. and Federated Stores, actually are de-emphasizing it. Others are switching from in-house to outside contractors. Twenty years ago, stores were replacing contract feeders with their own inside people.

It's ironic at this time that some stores are having difficulty with foodservice operations because food in this country is more important than it's ever been. The same customers the stores are targeting to come in and purchase merchandise are far more interested in food than they were 10 years ago. It is no longer logical for upscale department stores not to have food to meet those customers' demands. And, today, stores can't meet those demands if their only facility is a sit-down restaurant.

Merchandising and marketing experts maintain that retail foodservice has to approach business the same way the stores themselves do: by being very flexible and aware of the need for change, catering to customers' whims, not doing things because that's the way they have always been done. Neiman-Marcus for example, staged successful ethnic food fests; F.W. Woolworth went back in history to create a menu with a nostalgic theme.

Retail foodservice directors must make long-range growth plans and, according to one foodservice veteran, it's critical to make them consistent and compatible with the company's plans. "We go after the same customer as the store does," says John Lovelace, central director of foodservice for Dayton Hudson. "We have a standard that our department will be just as exciting, trendy and profitable as any other department. When we meet that standard, then we get capital dollars. And we are able to achieve a profit goal. I think that's where many stores' foodservice operators make a mistake. They don't approach their business that way. They're not aggressive because they are preoccupied with space. For them, it's a battle of square footage."

—Barbara Magan Dawson

Some retail stores such as May Co. are gradually easing out of the restaurant business. Others, including California-based J.W. Robinson's chain, which draws a higher-end customer than, for example, the Broadway stores, are going to self-service. Customers want to see the food. They want it fresh. And they want to be able to order it at the counter and take it and sit down. Stores are placing less emphasis on the sit-down customer who wants waitress service.

Fashionable merchandise in retail stores today are the foods to go.

1987 ANNUAL REPORT

RECREATION

Recreation Industry Is Not All Child's Play

Parks, sports facilities vie for $2.3 billion in food and beverage sales.

More than 1.7 billion persons passed through gates and turnstiles at arenas, fairs and parks in 1985, according to *Amusement Business*' Focus on Food and Drink Survey.

The study also reveals that on the average, hot foods account for more than half (62%) of all food sales, with snacks accounting for about one-fifth of sales.

At Walt Disney World, 23 million visitors went through the gates in 1986. Initial figures for fiscal 1987 already are exceeding expectations, says Jim Armstrong, vice president of food administration. Plans for fiscal 1988 include the building of a 900-room Grand Floridian Hotel.

One segment of the industry that is a length behind in garnering food and beverage sales is the racing industry. According to Bob Smith, vice president of marketing for contractor Harry M. Stevens Inc., this is a result of gambling dollars being pulled in more directions, such as off-track betting and lotteries.

Convention centers, though a small part of the segment, continue to move upscale. Mat Brodsky, national sales manager of the recreational services division for Service America, calls the new Jacob K. Javits Convention Center in New York the premier convention center. "The standard chicken dinner served 10 years ago is really being phased out. Customers are getting more flair for their money. We try and make our foodservice operations an event instead of just another meal."

Overall, the recreation segment is a healthy one. The young and affluent have more money to spend on leisure time. If gasoline prices remain low and domestic travel continues to increase, the industry will grow at anything but a leisurely pace. —*K.M.*

Garden State Park, N.J., race track houses more than 14 foodservice stands, among them the *charcuterie* (above). Auxiliary items enhance sales, but the staple concession items, such as hot dogs, continue to be the most popular.

RECREATION SEGMENT ENJOYS SLIGHT GROWTH

An increase in domestic travel and lower gasoline prices will help recreational facilities enjoy slight growth this year. *R&I* estimates an increase in food and beverage sales to $2.4 billion from $2.3 billion in 1986.

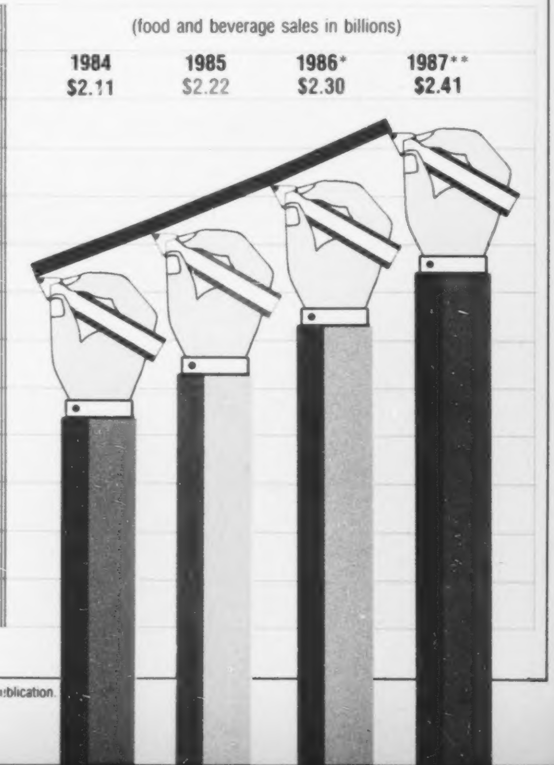
1986-87 real growth: 1.2%

1987 units: 19,750

1987 market share: 1.3%

1987 alcohol beverage sales: $354 million

*Preliminary **Forecast



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MENUS

■ OPERATOR OFFERINGS

Barry Wine Butters Up Customers with Good Food

Whether casual or formal, The Quilted Giraffe serves interesting menu fare.

Barry Wine is a man with a purpose. As owner and executive chef of The Quilted Giraffe and The Casual Quilted Giraffe, both in New York City, Wine dedicates himself to creating fine cuisine.

"The food we serve is American with Japanese and French influences. I have a staff of 12 that is ready to spring into action when an order comes into the kitchen," Wine says.

Wine's menus at both restaurants are unique. At The Quilted Giraffe, customers can sample Beluga Caviar Beggars' Purses consisting of Beluga caviar wrapped in crêpes that are folded to look like a purse. At the Casual Quilted Giraffe, mashed potatoes with duck meatballs is an entree that customers have given rave reviews.

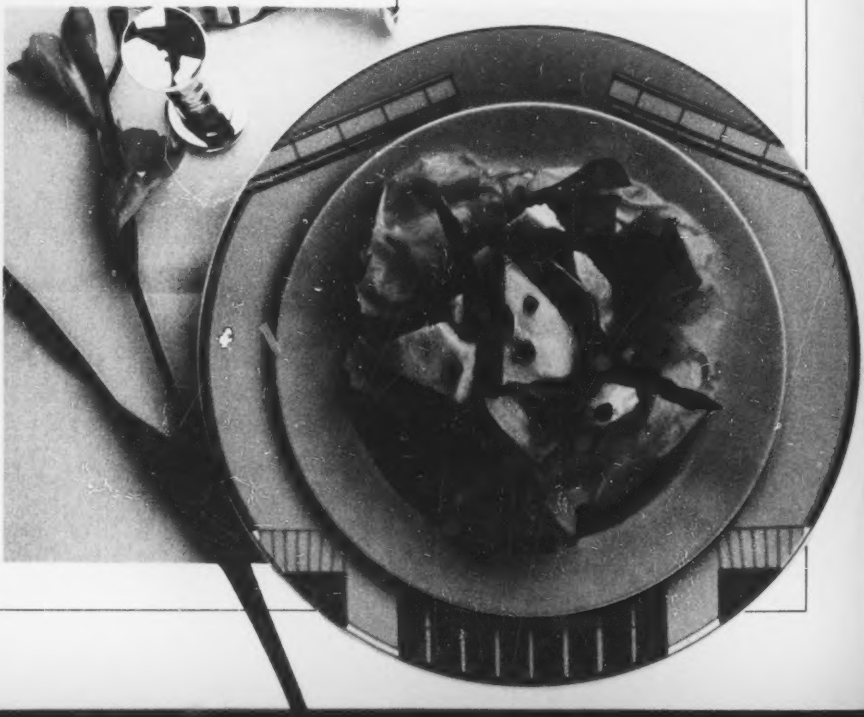
*—**Kathleen Marshall***

PHYLLO CRUMPLE WITH CHICKEN AND TRUFFLES

Yield: 4 servings

Phyllo dough	8 sheets
Butter, melted	2 oz.
Chicken cutlets, 1-oz. pieces	4
Butter	2 oz.
Asparagus, cooked	12 spears
Green pepper, diced	1
White wine sauce	as needed
Black truffle, thinly sliced	1

Method: Lay out phyllo sheets 2 at a time. Brush lightly with butter. Fold 1 sheet towards its center to form a ring. Place the ring on top and in the center of the second buttered sheet. Pull the edges up and towards the center to give free-form shape. When 4 crumples are made, bake on a cookie sheet lined with baking paper for about 7 minutes in 400F oven. Season the chicken with salt and pepper to taste. Heat butter in 12-oz. skillet. When hot, add the chicken in one layer. Cook over medium heat, turning pieces occasionally, for 2 minutes. Add cooked asparagus and diced pepper; cook 30 seconds. Spoon chicken and vegetables into the 4 crumples; top with white wine sauce with butter. Garnish with sliced truffles.



Crumples can be made in advance then filled with various ingredients.

■ R&I DATA

FOOD COST INDEX: LIGHT TREND CREATES 'LIGHT' PRICES

Three staple commodities, eggs, butter and sugar, remain constant in price. The cost of chicken also stayed in line with an average cost of 96 cents a pound cut for frying. The trend toward fresh might be responsible for the decrease in canned produce prices. Heavy stocks of canned peas are responsible for cost decrease.

		% Change	
	12/86	11/86	12/85
Hamburger (lb. 85% lean)	1.26	1	-1
Chicken (lb. cut for frying)	.96	0	2
N.Y. strip steak (lb./avg.)	3.62	5	3
Bread (Pullman loaf)	.77	-1	-3
Lettuce (iceberg/head)	.58	7	16
French fries (30 lb.)	11.52	-4	-7
Tomatoes (lb.)	.56	8	2
Milk (gal.)	1.75	-7	-4
Eggs (doz.)	.74	0	-1
Peaches (case/#10)	17.41	-6	-13
Peas (case/#10)	10.72	-13	-29
Frozen beans (30 lb.)	15.46	8	7
Ice cream (vanilla/gal.)	3.26	-3	20
Butter (lb.)	1.69	0	
Cheddar cheese (lb.)	1.76	-1	
Sugar (100 lb.)	30.47	0	1
Coffee (lb.)	3.30	10	29
Breaded fish portions (lb.)	1.48	-10	-4

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RESTAURANTS & INSTITUTIONS

ECONOMIC EXPERTS

Economists See Uneventful '87

Will the promised trade turnaround arrive, or will it be recession?

If there is one word to sum up the economic outlook for 1987, it is uneventful. The consensus of 50 economic forecasting companies compiled by Blue-Chip Economic Indicators predicts that soggy economic growth will continue this year, with real Gross National Product growing only 2.6%, unchanged from 1986.

The most optimistic of these companies (Prudential Insurance) expects 4.2% real GNP growth, and the most pessimistic (Business Economics Inc.) is predicting a recession with a 1% decline in real GNP.

Consumers will no longer be the impetus for economic growth in 1987. Roger Brinner of Data Resources Inc. believes consumers will be recovering from 1986's auto purchases and businesses will be adjusting to tax reform. So the strongest activity in 1987 will occur in the export market.

Jim Haughey of Cahners Economics and Doug Handler of Wharton Econometrics both agree that the 1987 economy is dependent on the trade situation. In addition, Haughey says it will be industrial markets, the "weak sister in 1986," that provide a stimulus this year.

Wharton's Doug Handler sees lower interest rates—after an uptick early in the year—and increases in business fixed investment as the other two factors pushing the economy ahead in 1987. "The consumer is acclimating to a lower savings rate, and will continue to spend at current or slightly higher levels." At best, this will mean only moderate growth in consumer spending.

But economists think the foodservice industry could do slightly better than many other consumer goods and services in 1987. Brinner says foodservice will do better than most consumer categories, "since tax reform works against big-ticket items by eliminating sales tax and loan interest deductibility."

Haughey believes foodservice sales will be up this year, but he is not saying whether growth will be stronger or weaker than in 1986. Last year, favorable employment trends and low prices helped sales. But this year, the consumer will be more hard-pressed for gains.

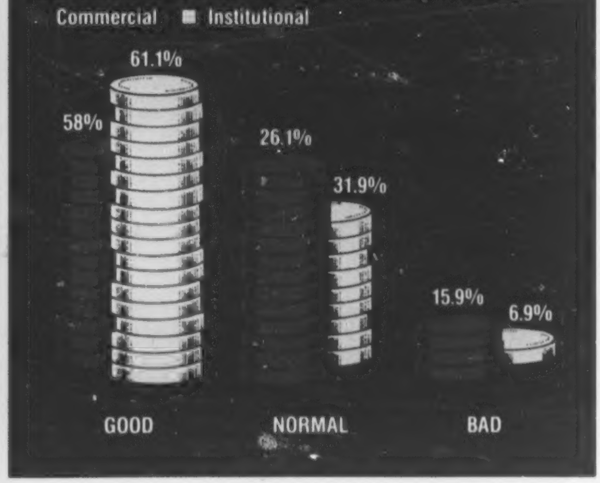
Even though the business climate might not be encouraging in 1987, the economists agree: Opportunity is knocking. —*Kim Kennedy*

Kim Kennedy is a member of Cahners Department of Economics.

R&I DATA

SALES NOW: AT BOTH EXTREMES

While the number of operators reporting good sales in November jumped dramatically, the percent reporting declining sales also increased. Fast-food operators are reaping most of the benefit on the commercial side. Fully three-quarters said sales were good this month. On the institutional side, schools had the best news, as not one operator said sales were off. In most cases, operators rated current sales better than general business conditions.



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WHAT WE WILL SAY ABOUT 1987 A YEAR FROM NOW

"There will still be constant fears about an imminent recession. People will still be wondering how long the recovery can last."—*Jim Haughey, Cahners Economics.*

"In 1987, we took the first steps toward wiping out the trade imbalance."—*Doug Handler, Wharton Econometrics.*

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Taco Bueno underestimated the sales potential of its chicken fajitas.

Chicago location.

"What Chicago didn't have was a place where Joe Garagiola (baseball announcer) could say hello to Tommy LaSorda (manager of the Los Angeles Dodgers) and a nightclub where you don't have to be a member," says Jim Rittenberg, general manager of Ditka's/City Lights through his J.R. Enterprises company.

The restaurant and nightclub opened this fall, within a month of each other, just prior to the Bears' beginning their quest for another Super Bowl title. Ditka and Bears' General Manager Jerry Vainisi have a stake in the place. Ditka himself did the wine list—he's a wine devotee, says Rittenberg. The head coach also has the signature dish named after him—Mike Ditka's Pork Chops. For Vainisi, there is Vainisi's Veal Chops.

Rittenberg came up with those dishes to distinguish the place from so many other Chicago restaurants known for steaks, prime rib and pizza. Besides, Ditka loves pork chops, he says. Ditka's Pork Chops account for 30% or more of food orders.

Ditka's, located on Chicago's suddenly hot Ontario Street, has 100,000 people pass by every day in 67,000 cars headed for Chicago's main highways. It is on the same street with the popular Ed Debevic's, Hard Rock Cafe, Carson's and others.

Ditka's serves a clientele that Rittenberg calls, tongue-in-cheek, an older Yuppie seeking a high-line, meat-eaters restaurant. Average check runs $26 a person, including a drink. Ditka's seats 350 to 400 patrons.

This Annabelle Isn't a Home Wrecker

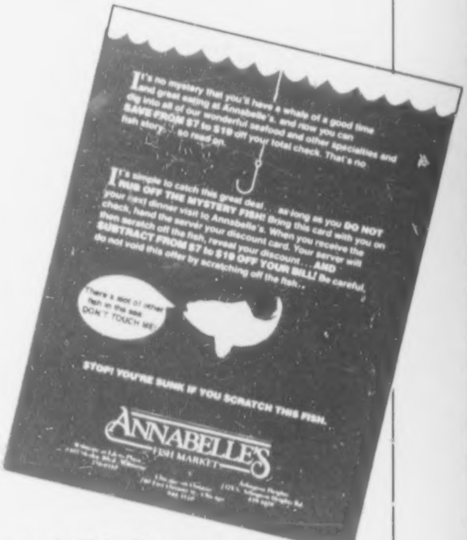
Annabelle's is working to break up the honeymoon of her competitors. To do it, she is offering lower prices by way of a discount card. No, this isn't the tale of a woman scorned or the plot of a soap opera. It's a tale of survival in the tough Chicago-area market.

Annabelle's Fish Market, which opened a restaurant in downtown Chicago Dec. 1, after already establishing two in the city's suburbs, is using a scratch-away discount card to battle its competitors and build sales. The competition is especially intense at the original Annabelle's in Arlington Heights.

First, a Rusty Pelican opened within a long cast of Annabelle's. Then The Forum, a 600-seat full-service restaurant, entered the already-crowded market. To help customers remember Annabelle's, owner Paul Stonich distributed a discount card through the *Chicago Tribune* good for $7 to $19 off a meal at any of the three restaurants.

He says response has been outstanding. About half of the people coming in with cards are new customers.

—*Howard Schlossberg*
—*Brad Stratton*



It's no mystery that you'll have a whale of a good time and great eating at Annabelle's, and now you can dig into all of our wonderful seafood and other specialties and SAVE FROM $7 to $19 off your total check. That's no fish story . . . so read on.

It's simple to catch this great deal . . . as long as you DO NOT RUB OFF THE MYSTERY FISH! Bring this card with you on your next dinner visit to Annabelle's. When you receive the check, hand the server your discount card. Your server will then scratch off the fish, reveal your discount . . . AND SUBTRACT FROM $7 to $19 OFF YOUR BILL! Be careful, do not void this offer by scratching off the fish . . .

STOP! YOU'RE SUNK IF YOU SCRATCH THIS FISH.

Annabelle's discount card disrupts its competitors' honeymoons.

R&I DATA

AVERAGE MENU PRICES: FEW INCREASES NOTED

R&I tracks average selling prices for a variety of menu items at restaurants across the country. Most prices were within a few cents of the previous month's survey, with the fewest price increases being registered in the full-service segment.

Item	Full service	Fast food	Hotel/ motel	North-east	South	North Central	West
Beverages:							
Coffee	$ .58	$ .48	$ .78	$ .67	$ .63	$ .55	$ .63
Iced tea	.65	.61	.82	.82	.63	.67	.67
Soft drinks	.69	.67	.85	.80	.68	.68	.76
Beer	1.63	87	1.94	1.66	1.96	1.82	1.64
Wine (glass)	3.03	1.50	2.07	2.07	2.04	1.75	3.25
Sandwiches:							
Hamburger	2.50	1.51	4.43	3.03	3.05	3.03	2.86
Cheeseburger	2.63	1.65	4.66	3.16	3.19	3.28	3.01
Ham & cheese	2.55	2.13	4.03	2.70	2.82	3.37	3.14
Club	3.13	1.93	4.68	4.49	4.23	3.78	3.74
Fish	2.51	1.92	4.38	2.31	3.27	2.96	2.54
Chicken patty	2.95	2.13	4.40	2.41	2.97	3.25	2.72
Other:							
Chili	1.76	1.29	1.46	1.23	1.48	1.39	1.89
French fries	.86	.72	1.17	1.12	.85	.89	.84
Scrambled eggs	1.15	1.39	2.41	1.93	2.01	1.84	1.82

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RESTAURANTS & INSTITUTIONS

■ **HUMAN RESOURCES**

Merger Fever Does Not Spare Industry Education

Does consolidation of NRA and NIFI educational programs signal consensus on the need for training?

Spun off from the National Restaurant Association in 1971, the National Institute for the Foodservice Industry has come back into the fold. Its educational and training activities and those of the NRA have been consolidated to form a broad-based Educational Foundation.

Heading up the new Foundation as of Jan. 1 will be Richard J. Hauer, currently executive director of NIFI. He will administer a budget of $3.5 million, formidable for an association-related educational program. To signal the seriousness of its commitment to the Foundation, the National Restaurant Association has contributed $1 million to its endowment trust fund.

Traditionally ambivalent about employee education, but now feeling the nation's demographic ground shift underfoot, the industry seems finally to have come to a consensus on the need to develop its people.

"This industry employs something like 9% of the U.S. work force," Hauer says. "It needs exactly what it is getting in the new Foundation—an aggressive, well-financed, responsive educational organization."

Going into the merger, NIFI already has cash and pledges of more than $4 million on the way to its goal of a $10 million endowment. The new foundation will add strong operator ties to NIFI's already-strong relationships with the supplier side of the industry.

The Foundation will continue to offer all current programs and services of both the NRA and NIFI and will maintain offices in Washington, D.C., and Chicago. —***Elizabeth Faulkner***

NRA Treasurer Jim Peterson explains the Educational Foundation to board members at their fall meeting.

OURS IS A SPECIAL WORLD!℠

AMERICA'S HOSPITALITY INDUSTRY℠

Alphabet-soup coalition: 15 hospita[illegible]-industry groups are launching a multi-year public-relations program that will stress advancement opportunities for people currently employed in the industry and help recruit new career professionals. Among its signers are: AH&MA, ACF, CHRIE, FEDA, IFDA, IFMA, NAFEM, NCA, NIFI, NRA and NCA. —*E.F.*

■ **R&I DATA**

TROUBLE ATTRACTING PEOPLE? DO THE ARITHMETIC

Unit managers industrywide averaged salaries of $18,624 this year, according to *R&I* respondents. That comes to $9.31 an hour if they work 40 hours a week and $6.21 an hour if they put in the more-typical 60-hour week.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	$27,106	$25,095	$29,590	$25,132	$30,656	$28,761
Manager*	18,550	17,536	20,535	17,669	20,693	16,325
Asst. manager*	16,729	14,425	17,500	15,525	16,330	15,321
Mgmt. trainee*	12,544	14,105	12,440	12,579	12,880	12,941
Cook**	247	197	205	209	213	211
Dishwasher**	155	142	140	143	136	158

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ACTION EXPRESS

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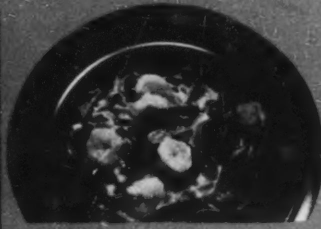
CHAIN LEADERS: HOW 1986's TOP PERFORMER D



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R&I EXCLUSIVE

UPDATE

ANNUAL REPORT: FOODSERVICE SALES SCENARIOS

In our Annual Report issue of January 7, 1987, some of the figures for the National Restaurant Association segment projections were stated incorrectly. Following is a revised version accurately reflecting the NRA forecast.

Segment, sales in millions	*Restaurants & Institutions* (3.4% inflation) '87 sales	*Restaurants & Institutions* (3.4% inflation) Real growth	National Restaurant Assn. (4.0% inflation) '87 sales	National Restaurant Assn. (4.0% inflation) Real growth	Technomic Consultants (3.4% inflation) '87 sales	Technomic Consultants (3.4% inflation) Real growth
Full service	$60,079	+1.2%	$71,280	+2.3%	$58,289	+1.1%
Fast food	56,509	+2.5	55,833	+3.4	59,614	+3.0
Hotels and motels	7,829	+0.8	12,270	+2.9	6,576	0.0
Recreation	2,407	+1.2	5,944	+1.0	6,393	+2.0
C-Stores/Supermarket delis	4,116	+7.6	—	—	1,807	+7.0
Other Retail: Dept./Drug	2,510	+0.4	8,062	+9.8	3,469	+1.3
Bars/Taverns	—	—	8,757	−1.0	1,171	0.0
TOTAL COMMERCIAL	**$133,450**	**+1.9%**	**$162,146**	**+3.0%**	**$136,148**	**+2.0%**
Business/Industry	$13,815	+1.8%	$6,797	+1.2%	$14,039	+1.5%
Schools	13,117	+1.0	4,152	+0.8	13,050	+1.0
Hospitals	9,404	+0.2	7,914	−3.3	9,673	−1.0
Colleges/Universities	6,343	−0.4	5,132	−0.1	5,634	−0.5
Military	4,495	+0.2	1,008	−2.6	5,450	+0.5
Nursing homes	3,922	+2.1	4,148	+2.1	3,937	+2.0
Vending	—	—	4,282	−2.1	13,268	+1.5
Transportation	2,667	+1.6	1,915	+3.5	3,129	+2.0
TOTAL INSTITUTIONAL	**$55,595**	**+1.0%**	**$35,348**	**+2.0%**	**$70,224**	**+0.8%**
All other foodservice	$1,832	+2.6%	—	—	$2,044	+0.5%
TOTAL FOODSERVICE MARKET	**$189,045**	**+1.6%**	**$197,500**	**+2.4%**	**$206,372**	**+1.6%**

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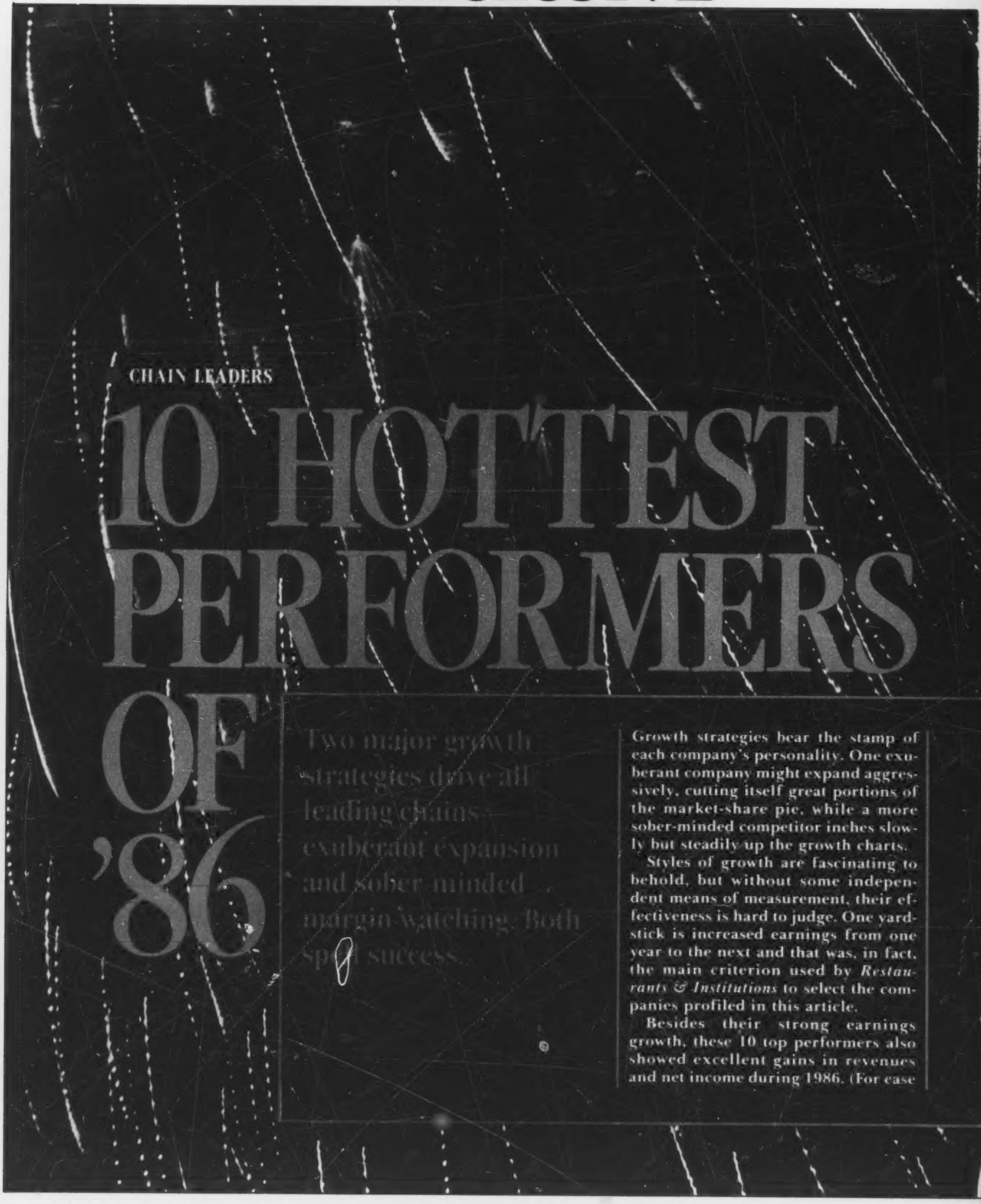


CHAIN LEADERS

10 HOTTEST PERFORMERS OF '86

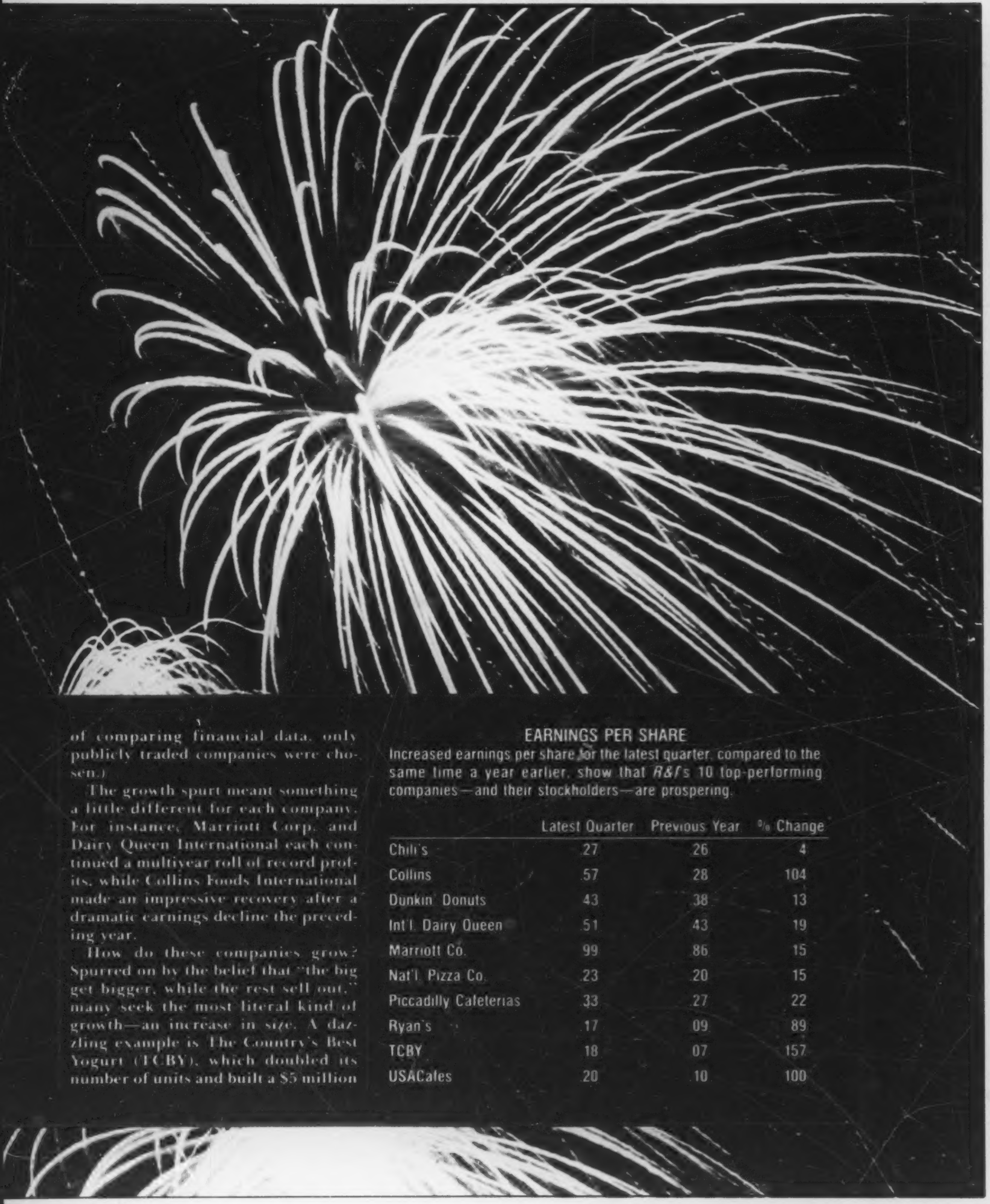
Two major growth strategies drive all leading chains—exuberant expansion and sober-minded margin watching. Both spell success.

Growth strategies bear the stamp of each company's personality. One exuberant company might expand aggressively, cutting itself great portions of the market-share pie, while a more sober-minded competitor inches slowly but steadily up the growth charts.

Styles of growth are fascinating to behold, but without some independent means of measurement, their effectiveness is hard to judge. One yardstick is increased earnings from one year to the next and that was, in fact, the main criterion used by *Restaurants & Institutions* to select the companies profiled in this article.

Besides their strong earnings growth, these 10 top performers also showed excellent gains in revenues and net income during 1986. (For ease

RESTAURANTS & INSTITUTIONS



of comparing financial data, only publicly traded companies were chosen.)

The growth spurt meant something a little different for each company. For instance, Marriott Corp. and Dairy Queen International each continued a multiyear roll of record profits, while Collins Foods International made an impressive recovery after a dramatic earnings decline the preceding year.

How do these companies grow? Spurred on by the belief that "the big get bigger, while the rest sell out," many seek the most literal kind of growth—an increase in size. A dazzling example is The Country's Best Yogurt (TCBY), which doubled its number of units and built a $5 million

EARNINGS PER SHARE

Increased earnings per share for the latest quarter, compared to the same time a year earlier, show that *R&I*'s 10 top-performing companies—and their stockholders—are prospering.

	Latest Quarter	Previous Year	% Change
Chili's	.27	.26	4
Collins	.57	.28	104
Dunkin' Donuts	.43	.38	13
Int'l. Dairy Queen	.51	.43	19
Marriott Co.	.99	.86	15
Nat'l. Pizza Co.	.23	.20	15
Piccadilly Cafeterias	.33	.27	22
Ryan's	.17	.09	89
TCBY	.18	.07	157
USACafes	.20	.10	100

Careless Expansion Is Risky; 10 Plan for Growth

> " . . . You can't build helter-skelter in the name of growth . . . "

manufacturing facility to boot. A fledgling company just four years ago, TCBY now leads the burgeoning frozen yogurt field.

Ryan's Family Steak Houses and Chili's Grill & Bar, successful regional chains with a yen to go national, also are expanding vigorously. Whether they achieve their goal may depend as much on an ability to tap and train good managers as on adept handling of their building programs.

By doubling in size, the Marriott intends to become one of the dominant five or six companies in the country. For a mature corporation like Marriott, already operating off a large base, acquisitions are the fastest route to growth. Not a bargain basement shopper, Marriott tries to skim the cream of available companies—Saga, a large contract foodservice company, was its major coup of 1986.

National Pizza is playing an acquisitions game with a slightly different twist. Through buying large, lucrative franchise territories as they come on the market, the largest Pizza Hut franchisee is extending an already sizable empire.

Whether aggressive or conservative, expansion makes sense only when justified by consumer demand and a strong financial structure. Undisciplined physical expansion or the acquisition of a company with problems can be hazardous to the health of a restaurant company.

"The industry has gotten a strong message that you can't build helter-skelter in the name of penetration and expect to make it pay off through marketing," says analyst Jay Fairchild of A.G. Edwards & Sons, St. Louis. "In the end, it's a futile exercise if everyone's rushing for the same territory or the same market."

Smart companies hold back unless all the right signals for expansion are present, agrees Steven Rockwell, vice president of Alex. Brown & Sons, Baltimore. "For the better companies, the constraining factor is adequate management staff."

A second and perhaps more important growth strategy squeezes higher sales or a better profit margin out of existing operations. Many analysts believe this kind of earnings increase points to prolonged growth more reliably than sales figures pumped up by physical expansion or acquisitions.

The companies surveyed in this article supply numerous examples of this more reliable brand of growth. New products, remodeling, more efficient equipment and systems—they've done it all.

Ryan's balances high food costs with high volume to produce per-store sales in excess of $2 million. The right product introduction—a good example is Dairy Queen's Blizzard—can make same-store sales blossom.

National Pizza and USACafes hope to grow through home delivery of pizza and barbecue. They're finding that higher labor costs are offset by lower costs for facilities construction.

To diversify or not to diversify—this is one question restaurant companies ask themselves in deciding how to grow. "It was chic two or three years ago to be a diversified company," says analyst Jay Fairchild. "Now the in thing is to be a narrowly focused chain."

That observation holds much merit, judging by our narrow but exclusive sample of top performers.

Ryan's and National Pizza have never wavered from their resolve to do just one job well. After disappointing experiences with diversification, Collins Foods International has reaffirmed allegiance to its original fast-food enterprises. Although Marriott is diversified, future growth will probably be limited to the segments in which it is already active.

A few companies on our list continue to see growth opportunities in diversification. Even after several setbacks, USACafes is intent on branching out from a steakhouse base to become a multiconcept franchisor. And, for the first time in its profitable history,

Pizza Hut's Priazzo Italian Pie could give extra momentum to National Pizza Co. in the accelerating home-delivery race.

Sizzler
Steak Seafood Salad

Repositioning of the Steak-Seafood-Salad Sizzlers helped lift Collins Foods International out of an earnings slump.

Dunkin' Donuts is stepping ouside the doughnut niche to become a Chili's franchisee.

Restaurant companies need that cliché of the '70s, "room to grow." The health of the industry segment and regional economic conditions can either support or discourage growth. Because pizza and ice cream sales are outstripping those for the industry as a whole, companies in those segments needn't take customers away from their competitors in order to grow.

In contrast, Piccadilly Cafeterias has managed to sustain steady growth under adverse conditions. The small chain's steady progress is admirable, given its concentration in the "Oil Belt" and the fact that national cafeteria traffic is down 2%.

Rather than lamenting the no-growth status of the steakhouse segment, USACafe's Bonanzas and Collins' Sizzlers are catapulting themselves into a different segment—general family dining with limited service—where the growth outlook is better.

Reading about these companies might give the impression that growth is the norm. It is not. The costs and the risks of growth are greater now than ever before. The preference for acquisitions over in-house startups, the retreat from diversification into narrowly defined niches are no accidents, but adaptations to a highly competitive environment.

Within the total restaurant universe, opportunities for growth are limited. In the sobering words of one restaurant analyst, "1987 and 1988 will be years of consolidation. Restaurant expansion and real growth will be more modest. As real growth becomes tougher, companies will be closing unprofitable units or enterprises." Inevitably, some companies will go broke or be absorbed by a competitor.

Undaunted by this forbidding environment, the companies profiled in these pages will pursue their individual vision during 1987. They can plan for growth, but corporate growth resembles human growth in at least one important way: Neither can be forced.

In the most fundamental sense, growth happens naturally to companies doing everything else right.

The drive-thru option pleases Dunkin' Donuts customers in a hurry. Others can linger inside over doughnuts and Dunkin' Decaf.

READY FOR GROWTH? HERE'S HOW.

- **Grow with no construction costs by increasing same-store sales or improving your profit margin. Methods include better marketing of new products, more efficient systems and equipment and remodeling. Size up the competition before entering a new market. Success comes harder when you must take away someone else's customers than when good restaurants are in short supply.**
- **Expand in relation to your ability to manage a new enterprise. Do you have enough experienced managers and an adequate infrastructure (things such as good computer support)?**
- **Diversify with caution, moving only into restaurant segments growing faster than the industry average.**
- **Cluster new operations in a limited geographical area to gain economies of scale for advertising and supervision. But don't overdo it or you'll cannibalize your own sales.**
- **Analyze your financial base. Do you have a low debt-to-equity ratio? Adequate capital? Property ownership to keep operating costs under control if good times turn bad?**

HOTTEST PERFORMERS

Winning Ways of Two Firms

Chili's heads for new markets, while Collins pulls back.

■ **Chili's Grill & Bar Inc.**
Headquarters: Dallas

President Ronald McDougall protests that tax reform has moved Chili's into a higher bracket, resulting in an apparently meager earnings gain between the latest quarter and the same time last year. He argues that pretax earnings growth, which totaled 26%, offers a more accurate picture of the company's progress.

That's better, yes, but Chili's financial performance last year does not explain why it's on our list of top growth companies. Instead, a reputation within the industry as a well-managed company with the right mindset for growth helped nudge out other contenders.

Executive Richard Hart sums up that reputation in explaining why his company, Dunkin' Donuts, is eager to develop and operate Chili's franchises in the Northeastern United States and Canada: "We think the concept is excellent—and the company's management team is even more impressive."

Founded in the early '70s, Chili's passed from private hands to the public domain in 1984. The company is well on the way to meeting a short-term goal of expanding from 12 to 22 states by next June, for a total of 115 stores.

Two-thirds of current units are in Texas, Oklahoma and Louisiana, but 83% of future expansion is planned outside the "Oil Belt." The positive reaction to Chili's stores in Los Angeles and Washington, D.C., feeds hope that the company can become a national chain.

Chili's top managers are heavy hitters in the restaurant game. Chairman and Chief Executive Officer Norman Brinker not only founded Steak & Ale Restaurants, but ran Burger King Corp. A veteran of the same two corporations, President Ron McDougall helped create the Bennigan concept while at Steak & Ale.

"Because most of us have worked for far larger companies, we don't have to ask what to do next. It's not the first time we've been there, and that's the crucial difference between us and most small chains," says McDougall.

One fruit of that experience is a predilection for disciplined action based on careful research. Describing Chili's expansion program as "cautious," McDougall says sophisticated regression site models are done for every proposed location. The company clusters expansion to make good use of resources and constantly regroups management so that new stores needn't scrape by with inexperienced managers.

Journalists imposed the "gourmet hamburger" label on Chili's, according to McDougall. But, even before that trend lost steam, the company never categorized itself that way. Chili's does serve a lot of burgers, but 55% of sales come from something else.

Although food is important, the chain sidesteps identification with a particular kind of food. The life style emphasis of advertising and the theme, "No place else but Chili's," aim instead for a concept that can evolve along with the target audience: baby boomers.

Chili's responds to the changing tastes of baby boomers by adding ribs and chicken to the fancy-burgers menu lineup.

■ **Collins Foods International Inc.**
Headquarters: Los Angeles

James Collins, founder of Collins Foods International, was quoted in a 1984 issue of *BusinessWeek*: "We have lots of dollars and need some upward momentum . . . new restaurants are a way to get growth."

To that end, Collins Foods pumped money into restaurant concepts as diverse as gourmet pizza, expensive hamburgers and Mexican fast food—in addition to pursuing ambitious expansion plans for the company's core restaurants, Kentucky Fried Chicken and Sizzler. (Collins is the largest franchisee for KFC and owns 70% of Sizzler, which was spun off in 1982.)

The outcome of this high-spirited venture into unfamiliar markets showed up in the 1986 financial charts, which resemble a roller coaster. Revenues, profits and earnings rose for the core companies, but plummeted for newly acquired ones. Overall, the com-

Expanded Kentucky Fried Chicken stores run by Collins Foods offer a choice: sit down, takeout or drive-thru.

pany's earnings declined by more than two thirds between 1985 and 1986, ending 20 quarters of growth.

Naugles, the Mexican-American chain in which Collins is a majority stockholder, lost money at the rate of $1.5 million a quarter. Josephina's, a white tablecloth chain, went down the tubes entirely. Foodservice revenues were sluggish. And the spare capital mentioned by James Collins began to dry up, as the value of the company's oil and gas investments spiraled downward.

Today, Collins is on the rebound. Thanks to a strong performance by Sizzler, first quarter revenues for fiscal 1987 rose 29% to $176 million, compared to $136 million a year ago.

This financial recovery has gone hand in hand with a rethinking of philosophy. Rather than following trendy restaurant concepts wherever they might lead, the company concluded in the most recent annual report that "positive results for our shareholders can best be achieved by our expertise in the fast-food business."

That's the long-range plan, but in the near term, Collins is tailoring growth tactics to the differing fortunes of its various holdings—pushing forward eagerly in some quarters, retrenching in others.

Learning from the Josephina experience, Collins has limited involvement in similar ventures to investment, avoiding an operational role. Enthusiasm about turning Gino's East, a successful Chicago pizzeria, into a national chain is tempered now with caution. Ditto for Ed Debevic's Short Order Deluxe, a group of swanky hamburger joints.

As a fast-food concept, Naugles is a better fit, and Collins executives express confidence in its future. "Naugles had problems," says Christopher Thomas, financial vice president, "because of overly aggressive expansion over too broad a geographical area—management was spread too thin. But the basic concept of high-quality Mexican food is a good one."

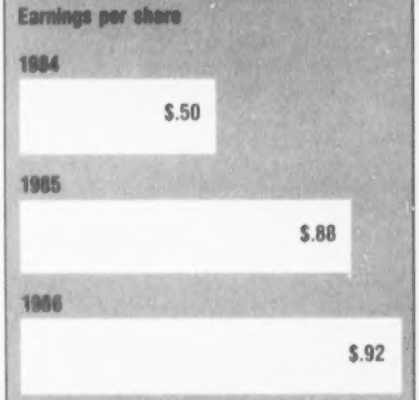
Collins has helped Naugles "pull back into the better markets" by closing unprofitable units, starting a marketing program and clamping down on food and labor costs. Already, the chain has responded with small but respectable pretax earnings of $335,000 during the most recent quarter.

KFC has provided stability through all the turmoil, but dramatic growth here is unlikely. Unless new franchise territories become available, Collins cannot expand physically, nor can major changes be made without permission of the parent company. "We are taking steps to keep the concept fresh and dynamic—such as adding seats and testing baked chicken—but these are fairly minor," says Thomas.

Instead, hopes for meaningful short-term growth center on Sizzler. In 1986, Collins completed the repositioning of the former budget steakhouse chain into a midpriced concept that gives equal billing to steak, seafood and salad. Most of the 515 units have been remodeled.

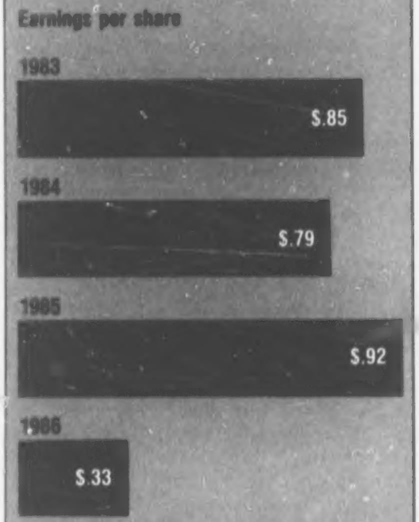
CHILI'S BREAKS OUT OF OIL BELT

Pretax earnings surge, as crack management team plans expansion to 22 states and 115 stores. Focused research aims at lifestyle approach to baby boomer group.



COLLINS SIZZLES AGAIN

Saying its strength lies in fast food, this West Coast company is pushing forward eagerly with both its Sizzler and Kentucky Fried Chicken concepts.



HOTTEST PERFORMERS

Dunkin' Donuts, IDQ: Masters of Growth

Past successes do not stop these companies from trying new approaches.

Savory croissant sandwiches are giving Dunkin' Donuts more lunch-time action.

■ **Dunkin' Donuts**
Headquarters: Randolph, Mass.
Flush with profits from jelly doughnuts and muffins, Dunkin' Donuts faced three choices: to start a new enterprise on its own, to make a major acquisition or to become a franchisee of a worthwhile company. After sustaining 16% increases in net income for two straight years, the 33-year-old company could afford to be selective in its first venture outside the doughnut niche.

In the end, the third alternative was the most attractive, and in 1987, Dunkin' Donuts will open its first store as a franchisee of Chili's Grill & Bar. A separate division, Dunkin' Ventures, will run the Chili's stores, slated for the New England states, eastern Canada and upstate New York.

"There was less risk and greater potential," says Richard Hart, vice president and treasurer. "By going with a proven concept, we avoided spending hundreds of thousands of dollars on a concept that might not click."

Outside observers are a little more cautious about the prospects for succeeding with the Chili's franchises. Joel Krausner, an analyst with Dean Witter Reynolds, praises Dunkin' Donuts' strong balance sheet and typical return on equity, which has not fallen below 16% during the past 10 years. But he adds, "One long-term concern is whether it will be quite as successful with Chili's."

Meanwhile, the company's doughnut stores are changing ever more rapidly. A detailed growth plan calls for adding new units (already 1,450 strong) and keeping customer satisfaction high through strict quality control.

About 60 shops a year are revamped with new signage, expanded menu boards, new wallpaper and the like. The payback comes the first year, in the form of sales volume increases double those of unremodeled stores. National advertising is stronger, too, since the parent company persuaded franchisees to increase their advertising contribution from 2% to 4% of gross sales.

Doughnuts and coffee are still mainstays, but the company has gradually pushed out the perimeters of that niche to include much more. "It all began a dozen years ago, when we gave our doughnut holes a name and identity—munchkins. Then, to supply more business during the noon hour, we added a high-quality line of soups," says Hart.

During the late '70s, the addition of muffins brought ovens into the stores. Cookies and brownies followed, as the repositioning of Dunkin' Donuts went into high gear. Croissants not only supplemented the line of breakfast treats but, filled with ham, cheese or roast beef, strengthened lunch traffic still more. Most recently, biscuits have been tested in the Southwest.

Even the coffee is changing. The company takes special pride in newly introduced Dunkin' Decaf, which uses beans roasted and ground in the store.

International Dairy Queen Inc.
Headquarters: Minneapolis

International Dairy Queen treated stockholders during fiscal 1986 to earnings nearly 50% higher than the preceding year. By the end of the third quarter, profits totaled $10.3 million, well beyond 1985's year-end figure of $9.7 million.

No one was particularly surprised, for those financial indicators marked the culmination of 13 consecutive years of growth in revenues and net income.

President Harris Cooper explains how IDQ did it: "We don't make the numbers by opening new stores, like some companies, but by continuing improvement of stores already in place. If the system doesn't grow, it doesn't matter how many new stores you open—the base will erode."

That solicitous attitude towards the chain's 5,000 stores resulted in the introduction two years ago of the Blizzard, a mixture of soft-serve ice cream with cookies, fruit and national-brand candy. Boosting same-store sales, the gooey, hugely successful concoction now accounts for 18% of all sales. After installing dispensers in the remaining 40% of Blizzard-less stores during 1986, IDQ expects even better sales results this year.

Queen's Choice, a premium hard ice cream introduced several years ago, has caught on more slowly, in part because advertising funds were diverted to the Blizzard. "You start riding that horse, and when you see where it's going, you keep riding it," says Cooper. "Unfortunately, that decision slowed what would have been a stronger marketing effort for hard ice cream. Queen's Choice was on a five-year track and now it's probably seven."

Meanwhile, IDQ is testing everything from doughnuts to hamburgers in a basket, in the hope of hitting on another winner.

IDQ built 170 new units during 1986, but not because it was following a rigid schedule of expansion. New stores are not crucial to the company's growth strategy, so they go up only under optimal conditions. When interest rates or real estate costs become uncomfortably high, Dairy Queen simply stops building. This take-it-slow, do-it-right attitude also comes into play in screening potential franchisees, choosing sites and reviewing construction plans.

With 5,000-plus stores, could Dairy Queen be in danger of saturating the market? Cooper scoffs at the idea: "When we've built 10,000 more, I'll begin to worry."

The year brought not only higher sales and more stores, but ownership of a new property: Karmelkorn. The acquisition not only fit into the same "treat" category as Dairy Queen stores, but triggered an ingenious scheme to pair the two.

Most of Karmelkorn's 240 units are in shopping malls, traditionally a problematic site for Dairy Queen because its units need less space than the minimum 1,000 feet required by many mall operators. That barrier is down now, as plans for "Dairy Queen Treat Centers" go forward. Dairy Queen will use 500 feet, Karmelkorn the other 500, for a profitable operation with great space utilization.

IDQ plans to build at least 20 treat centers by the end of 1987, and will offer current Karmelkorn franchisees the chance to add Dairy Queen.

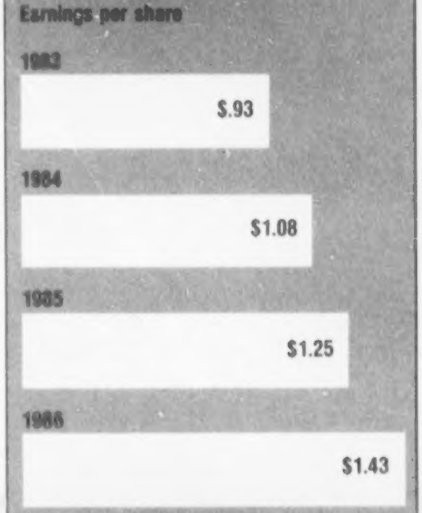
The only cloud on an otherwise clear financial horizon is Golden Skillet International Inc. Purchased in 1983, the subsidiary is conspicuously absent from the message to shareholders in the latest annual report.

"It's not losing money, but it's not helping us, either," comments Cooper.

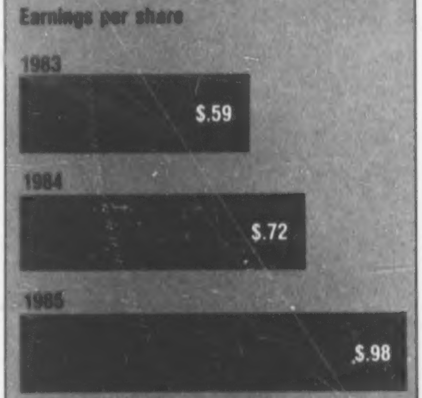
continued on page 44

The phenomenal Blizzard captured 18% of International Dairy Queen sales during 1986.

DUNKIN DONUTS JOINS WITH CHILI'S
New product lines to follow on heels of successful muffins, brownies, cookies and croissants; more stores, bigger advertising budget spur momentum for '87.



SWEET PROFIT PICTURE FOR IDQ
Take-it-slow, do-it-right attitude buttressed by Blizzard rollout; Queen's Choice catches on; Karmelkorn acquisition fits into company's "treat" philosophy.



HOTTEST PERFORMERS

Acquisitions Speed Growth of Marriott, National Pizza

Marriott buys Saga, while National Pizza gets the best Pizza Hut franchises.

■ **Marriott Corp.**
Headquarters: Washington, D.C.

Marriott Corp. plans to transform itself from a company with $5 billion in sales into a $10 billion company during the next five years, a task requiring annual earnings growth of at least 20%.

No problem, says Vice President Francis Cash. "We've sustained that level of growth over the past two decades. As long as we can develop the right management people, the size of the company can double with no sacrifice of quality."

Rapid but intelligent growth not only benefits stockholders, according to Cash, but enables key executives to move into positions of greater responsibility. Marriott also needs sheer size and market clout to become one of the top players.

A look at one of those segments shows Marriott's impressive skills on the playing field. In 1985, the purchase of two companies, Service Systems and Gladieux, tripled the size of foodservice management operations. This year the big story was the acquisition of Saga Corp. with fiscal 1985 sales of $1.3 billion. Shedding Saga's restaurant chains, most of which had operational difficulties, Marriott grasped the real prize—contract foodservice.

"What we saw in Saga was a once-in-a-lifetime chance to become the country's finest foodservice management business. It was a true merger—the quality of the management and accounts were a perfect match with ours," says Cash.

During the past 10 years, while Marriott's foodservice and hotel operations have bounded up the growth charts, the restaurants have turned in a more mixed performance. In 1985, restaurant sales increased 5% and operating income just 3%. The Roy Rogers subsidiary showed real growth on a unit-by-unit basis, but Big Boy did not.

Despite the lackluster performance, relative to other Marriott holdings, management is optimistic about the long-term growth potential of the restaurants. Big Boy is expanding, as the Howard Johnson operations purchased a year ago undergo conversion.

A company that wants to be No. 1 in all its segments cannot afford slow, steady expansion. Hence, Marriott's strategy of scoring quantum leaps in growth through buying well-established companies.

Not an impulsive shopper, Marriott backs up decisions with self-discipline—never allowing financial affairs to fall into disarray for the sake of a tempting deal. The increase in return on equity from 11% to 22% since 1974, for example, offers strong evidence to stockholders that Marriott will not gamble recklessly with their money.

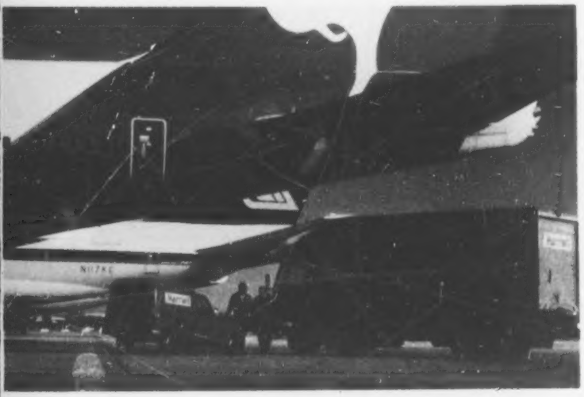
Nor is "diversification" a euphemism for risky experiments. "We're diversified, yes, but we also believe in tending our knitting. You won't find us trying to build computers," says Cash.

"Our senior people know the kind of businesses they're managing, and that's where our growth will happen."

■ **National Pizza Co.**
Headquarters: Pittsburg, Kan.

National Pizza Co., the largest franchisee of Pizza Hut Inc., completed its first year as a publicly held company only in 1986. But the 23-year-old company, based in Pittsburg, Kan., earned its high-growth credentials long before that.

National Pizza's franchisor, Pizza Hut, capitalized on the popularity of Pan Pizza by introducing Personal Pan Pizza.



The purchase of Sky Chef's terminal concessions business gives Marriott a larger share of the airport catering market.

During the past two decades, National Pizza has shown compounded sales growth of more than 27%, coupled with compounded earnings growth of 25%. The foundation for physical expansion is solid, but it's no simple matter. Since 1972, when Pizza Hut granted the last initial franchise, the system has been closed except for internal buyouts.

Undaunted, National Pizza has managed to add new units at a rapid clip. During fiscal 1986, the total store base expanded from 99 units to 152 units. Only part way through fiscal '87, the company has signed papers for another 58 units.

Growth is taking place through two strategies: acquisition of other franchise territories and the addition of separate home-delivery units to existing territories.

Because new franchise opportunities defy prediction, "we tell the investment community not to count on them," says J.J. Fitzsimmons, vice president and chief financial officer. Still, those windfalls have come National Pizza's way with astonishing regularity.

Because National Pizza is one of the rare buyers with the financial muscle to buy a large group of Pizza Hut units, there has been "no dearth of opportunities," explains Fitzsimmons.

The plums of this endeavor are multi-unit franchises put up for sale by long-time owners ready for "the big payday." Of less interest are offerings of one or two stores, unless they are contiguous to currently held territories in the South, Midwest and California.

In negotiating for new territories, National Pizza drives a hard bargain. By paying no more than nine times current earnings per share, the company avoids temporary dips in earnings. That rule of thumb might be waived, however, if an acquisition promising long-term growth justified short-term sacrifices. "Sometimes you have to make the best decision for one to three years out, not just for the next quarter," says Fitzsimmons.

At the same time, National Pizza is unabashedly going down the same road as Domino's—in a delivery truck. Along with other Pizza Hut franchisees, National Pizza is borrowing its competitor's 30-minute delivery promise and expects to complete about 40 stand-alone delivery units by mid-1987.

"Domino's may be the king of delivery, but we're the quality leader," says Fitzsimmons. He lists the advantages of Pizza Hut franchisees: a broader product line, including the successful introduction of Priazzo and Calizza in 1986; total market share clout estimated at 46%; and a position among restaurant companies as the fifth largest television advertiser.

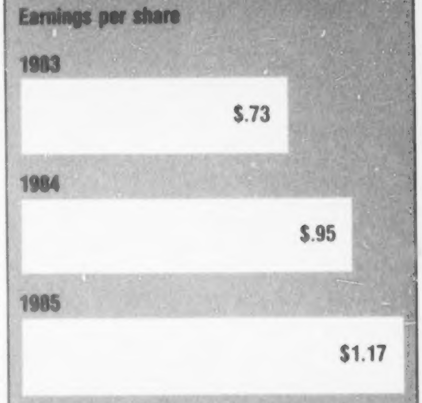
Analyst Jay Fairchild of A.G. Edwards & Sons agrees that "if anyone can catch Domino's, it's Pizza Hut. National Pizza has been smart because it's seen opportunities to grow within a good system."

Home delivery will enable National Pizza to double up in existing franchise territories. Following a great deal of internal worry that delivery units might cannibalize business from the company's own sit-down "red roofs," the chain concluded they would not.

Fairchild is not so sure. "If the red roofs lose even 10% to 15% of their volume, it would have a big impact on profitability."

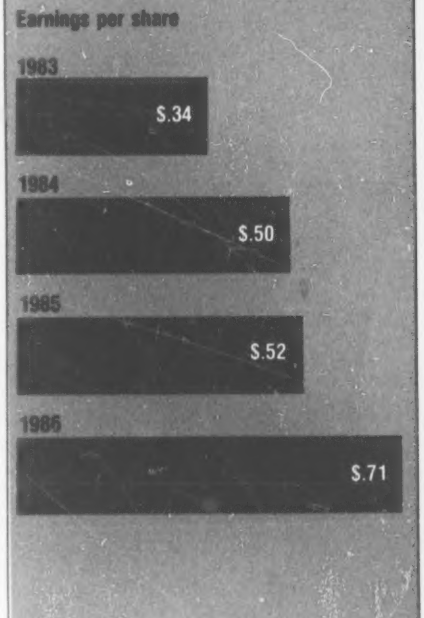
MARRIOTT AIMS AT $10 BILLION

Will need to continue annual growth rate of 20%; Saga, Sky Chef purchases strengthen its position in contract and airport catering markets; Big Boy expands.



NATIONAL PIZZA GROWS MANY WAYS

Major Pizza Hut franchisee expands through purchase of new territories and addition of home-delivery units; continues to pick off plum multi-unit franchises.



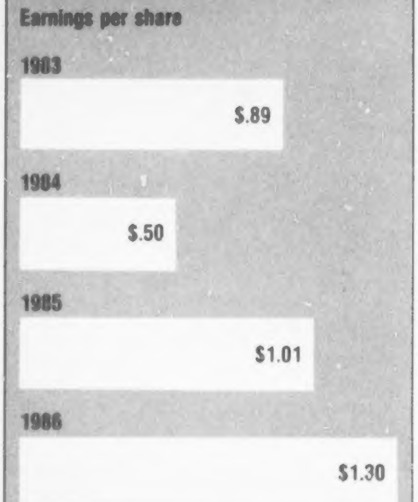
HOTTEST PERFORMERS

Toughing Out Hard Times

Undaunted by a harsh economic climate, Piccadilly moves beyond the Sun Belt.

PICCADILLY BEATS OIL RECESSION

1986 shows a record 30% gain; cafeteria chain benefits from customers "trading down" to reasonably priced meals; continues to accent training.



■ **Piccadilly Cafeterias Inc.**
Headquarter: Baton Rouge, La.
The collapse of oil prices has destroyed many Sun Belt companies, but Piccadilly Cafeterias is not one of them. In contrast to 1983, when the company's earnings slipped, fiscal 1986 brought a record 30% gain in net income, from $9.5 million to $12.2 million.

Part of the profits came from improved operating margins, part from a 1% gain in customer counts. "One percent might not sound like much, but because we're a volume business, small increases have a compounding effect," says Rodney Garrison, executive vice president and treasurer.

Some new customers might have "traded down" from the white tablecloth restaurants they frequented in better times. "People perceive Piccadilly's as a nice but reasonably priced place to eat," says Garrison.

Although 40% of the chain's 110 cafeterias are in economically troubled Texas and Louisana, that concentration is lower than for several other cafeteria chains in the region.

Nonetheless, Piccadilly is seeking sites beyond the Sun Belt for the first time in the company's 44-year history. Agreements have been signed for several new units in Modesto, Calif., where company officers believe that cafeteria competition is less intense. Arizona, Colorado and northern Virginia are also under close scrutiny.

Piccadilly has all the earmarks of a company that thinks long and hard before opening a new cafeteria. Nearly half a century after the first Piccadilly opened, the size of the chain remains miniscule by industry standards.

All units are company-owned, and to exert even more control, Piccadilly supplies its own architects, interior design staff and construction firm. The company's freedom from long-term debt might be interpreted as determination to prevent even the banker from casting a vote in the company's future.

Financially conservative? Yes, but Piccadilly is slow to expand for other reasons as well.

"Cafeterias are a hard kind of restaurant to run successfully, in terms of staffing. It takes time to develop chefs, salad makers, managers who can keep a large variety of items out in view, looking good and looking fresh," Garrison says.

So don't expect any flashy behavior from Piccadilly in '87. Quietly serving generous helpings of its award-winning crawfish *étouffé*, the company will be laying the groundwork for another year of record profits. *continued on page 52*

Piccadilly Cafeteria

Customers park at Piccadilly Cafeterias for the home-style meals and courteous service that are the company's trademarks.

HOTTEST PERFORMERS

Outstanding Year for Ryan's

Ryan's breaks the rules, spending its advertising budget on food.

■ **Ryan's Family Steak Houses Inc.**
Headquarters: Greenville, S.C.

"We think a lot bigger than most companies in our expectations of the business each restaurant will do," says T. Mark McCall, president of Ryan's Family Steak Houses.

Thinking big has meant big profits. During 1986, a typical Ryan's pulled in more than $2 million in revenues, with a net profit of 10%.

McCall has nothing against new units —at a sales-to-investment ratio of 2-1, they pay off handsomely—but he thinks too many companies overlook the potential of increasing same-store sales.

From aging and cutting beef to baking dinner rolls from scratch to cooking fresh vegetables for the Megabar, the company emphasizes store-by-store food preparation.

Ryan's reputation for serving high-quality fare at a reasonable price doesn't come free, for food costs run about 45%. A competitor might budget 38% for food costs, spending the remainder on advertising. Ryan's spends zip on advertising, reasoning that promotions might attract a first-time customer, but good value brings them back.

Even with the advertising budget on the plate, the company's per-customer profit margins are low. A volume game of mind boggling proportions squeezes profits out of those margins. Far from worrying about filling the 320 seats in the standard unit, Ryan's is beginning to build "mega-restaurants" seating about 420.

A maverick in other ways besides food costs and advertising philosophy, the company has stopped granting new franchises. "We think that issuing franchises simply to grow is short-sighted," says McCall.

Industry analysts applaud Ryan's brilliant performance, but question whether the company possesses the management horsepower to attain its goal of going national.

Jay Fairchild, senior restaurant analyst for A.G. Edwards & Sons in St. Louis, says, "Ryan's has yet to reach the critical size where it goes beyond a small entrepreneurial base. It's still a younger, less professional company. To compete nationally, Ryan's might have to do some things differently."

The company is unlikely to change its attitude towards diversification, however. "A lot of companies have met their downfall by overlapping management to handle four or five concepts. You end up losing something," says McCall.

"As long as we have a winner, we'll stick with it. There will always be a demand for high-quality salad bars and beef."

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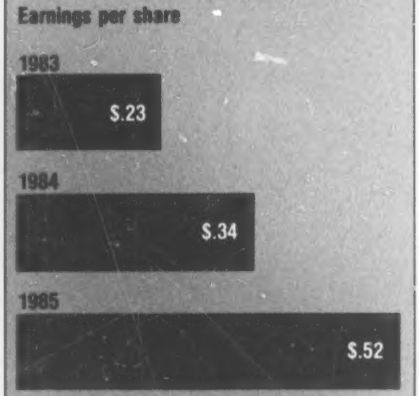
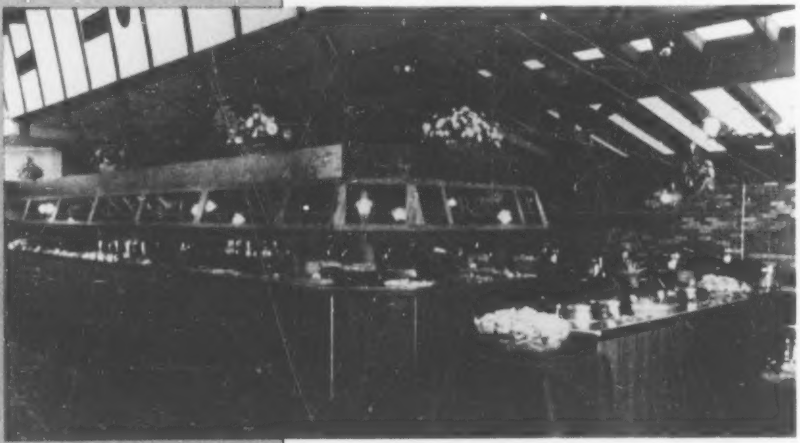
HIGH VOLUME STRATEGY PAYS OFF
Ryan's Family Steak Houses average $2 million annually in per-store sales. With virtually no debt, the company clearly has the financial resources to go national.



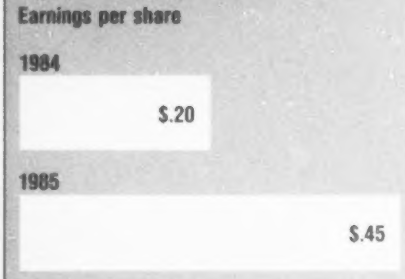


Ryan's "mega food bar" runs the gamut from fried chicken wings to chocolate mousse. Now the regional chain is planning 425-seat "mega restaurants."

HOTTEST PERFORMERS

TCBY PERFORMS BETTER THAN EVER

Despite a dip in stock prices, TCBY set new records for sales, profits and earnings. The company plans to double the number of units—again—in '87.



Freezing Out Competition

Cheered on by franchisees, TCBY corners the frozen yogurt market.

■ **The Country's Best Yogurt**
Headquarters: Little Rock, Ark.

A tiny company of just 18 stores in 1982, The Country's Best Yogurt recently opened the doors to its 460th unit. And the expansion rate is accelerating—during 1986 alone, the company doubled the number of units. Sales and franchising revenues kept pace with the expanding operations base, increasing from $12.3 million to $23.7 million during the first nine months of fiscal 1986.

Any company that calls itself The Country's Best Yogurt must hold its product in high esteem, and executive vice president Herren Hickingbotham confirms this guess. "We make that claim with confidence because our customers say so. We have hundreds of complimentary letters from customers."

TCBY, a vertically integrated company that makes its own frozen yogurt, recently built a $5 million facility capable of supplying the 1,500 units projected for the future.

"One of TCBY's strengths is the fact that it 'owns the cow.' Their competitors aren't big enough to do that yet." says Gary Wirt, a financial analyst.

Many franchisees are growing as rapidly as the parent company—about 80% of the new stores were started by enthusiastic franchisees who already owned at least one small unit.

Despite the snazzy new production facility, TCBY intends to sell soft-serve frozen yogurt and tofu only through the franchises, not in supermarkets and other retail outlets. "The dual focus has obviously worked for Häagen-Dazs, but I can't believe it's helped their franchisees," says Hickingbotham.

TCBY is not growing in a vacuum, of course. Competitors are proliferating at an alarming rate, attracted by the low investment costs of a simple but profitable concept. Because of the increasingly crowded field and because the frozen yogurt business is realtively new, some analysts think TCBY's explosive growth may be risky.

Based on such concerns, some investors might be having second thoughts about TCBY's stock. In 1985, when the median gain in the price of restaurant stock was a feeble 1.8%, TCBY's stock was up 492%. Then, a few months ago, the company's stock price tumbled from 35 cents a share to 16 cents (it has since recovered some of that ground).

The Chicago Corp.'s Gary Wirt shrugs off that fall from grace as a market correction of stock prices that had risen too high, too fast. Given the ease of entry into the frozen yogurt market, he believes that TCBY's aggressive growth pattern is wise.

"The company's plan is well thought out and they have adequate capitalization to finance the expansion," he says. "Beside, I like their yogurt."

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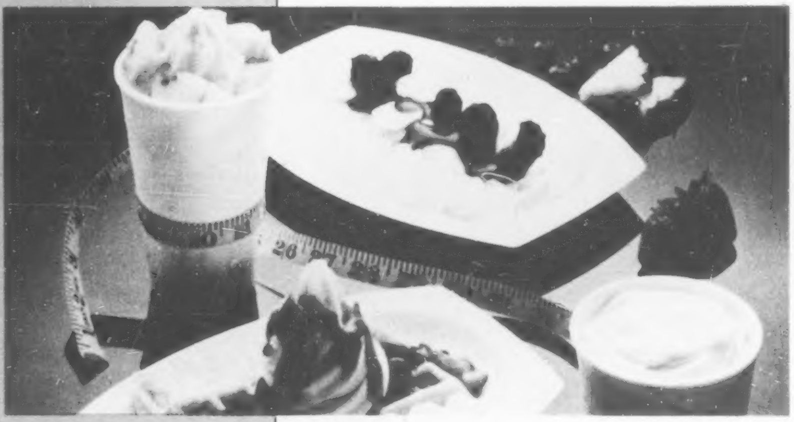

The theme of this promotion: "Great taste. No Waist." TCBY's frozen yogurt has only half the calories of premium ice cream.

HOTTEST PERFORMERS

USACafes Builds on Success

Bonanza's profits are up; USACafes is dreaming up new restaurant formulas.

■ USACafes Inc.
Headquarters: Dallas

In 1983, USACafes' Bonanza restaurants began to cut loose from a worn-out Western image. Dark woods, steaks on every plate and a blue-collar crowd went out the door, replaced by light and airy interiors, a varied menu and a higher proportion of young, well-educated customers.

Only 37% of current customers now order a steak entree, compared to 75% three years ago. The remainder might choose the Freshtasticks food bar or salad as an entree—good news, because those are higher-profit items.

By the end of fiscal 1987, 75 Bonanza restaurants will be added to the 563 already in place. The new units are larger (260 seats, compared to 210 in the old layout) and already are repaying management confidence in their performance to the tune of $1.2 million.

Rejuvenated by the changes, earnings have swelled by at least 25% each year since 1983. USACafes recently announced a restructuring from corporate to limited partnership form, a change expected to increase monies distributed to stockholders by eliminating federal income taxes at the corporate level.

President Jeff Rogers believes that USACafe's unusual organization as a franchisor deserves much of the credit for this growth spurt. A 4.8% royalty is split with area developers, which then franchise individual units to others.

Rogers likes the franchise system so much, in fact, that he tried to share it with Ponderosa Inc., by taking over the competing company. Ponderosa's board of directors turned down the unsolicited offer.

To date, most of USACafes' experiments in diversification have been disappointing (unless throwing Ponderosa's affairs into chaos for months could be considered a kind of success). Plans for joint ventures with Primo Inc., a Phoenix-based promoter of fast-food concepts, and with Shakey's Pizza Restaurants, Dallas, were ultimately dropped.

One venture that has panned out is the purchase of a Colorado chain called Culpepper's Barbecue Restaurants, which was rechristened Ribby's. There was nothing accidental about the choice. Looking at a survey asking adults which specialty restaurant they had last patronized, Rogers noted that the top-ranking categories were delivered pizza and barbecue. In Ribby's, USACafes saw a chance to capitalize on two of those winning elements: home delivery and barbecue.

Tests of the concept have produced average checks of more than $13 per person, more than compensating for the high labor costs of home delivery. Whether consumers will order enough barbecue, at those prices, to keep volume high remains to be seen.

A handful of Ribby's restaurants does not an empire make, but Rogers is optimistic. "We have an excellent concept here. In essence, we're organizing the first national chain for home delivery of barbecue."

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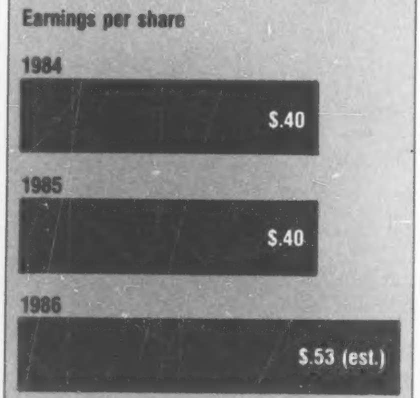
MENU REVAMP SPARKS TURNAROUND
Bonanzas's profits are up and USACafes is dreaming up new restaurant formulas; franchising formula continues to work; Ribby's concept starts to take off.



A new menu and new decor for Bonanza restaurants translate into a new kind of customer who orders beef only 37% of the time.

HOTTEST PERFORMERS

THEY'RE NEW . . .
. . . AND THEY'RE COMERS

Sybra spent all but $100,000 of the $7.6 million raised by an initial public offering last summer to clear up debts from its failed Fresher Cooker restaurants and several unprofitable Arby's units.

Not a great beginning as a publicly held company, but with a cleared balance sheet, Sybra is poised for expansion.

Sybra ("Arby's" spelled backward) is looking to shopping malls for continued growth as Arby's second-largest franchisee. Ninety percent of the company's 96 stores are already located in malls, and new units will go up at an annual pace of about 15%.

"Our experiences have been good in the stores already open. Sales volumes are higher than in free-standing stores, and it's easier to hire and manage people," says William Wortman, vice president and secretary-treasurer. A shopping mall customer is more likely to buy a high-markup snack, such as a soft drink or french fries.

Sybra is just one of many companies that went public last year. Which of the following would you bet on for strong growth in 1987?

Diet Works of America, Jericho, N.Y.
Discus Corp., Bloomington, Ind.
Duds 'n Suds, Ames, Iowa
Eateries Inc., Oklahoma City
Perkins Family Restaurants, Memphis
Twistee Treat, North Fort Myers, Fla.

Privately Held Companies Had a Good Year, Too

What do ARA, Domino's have in common? A flair for sound growth.

"We set double-digit goals for 1986, and met them," says John Farquharson, president of ARA Services' ARASERVE sector. A service management company active in health care, transportation and other fields, ARA Services became a private corporation in 1984.

ARASERVE spent the year integrating the staff and clients of Cory Food Services, purchased from Hershey Foods, into existing operations.

Fast on the heels of that acquisition came the buyout of Szabo Food Services, with annual sales of more than $200 million.

Sales of ARASERVE's relatively new "Itza Pizza," which delivers fresh-baked pizza to dormitory students, took off in 1986. Although the name might not ring a bell, Itza Pizza ranks among the country's top 25 pizza chains in terms of sales volume.

No article on privately held companies with a passion for growth would be complete without at least a mention of another pizza chain—Domino's Pizza International, the undisputed leader in home delivery of pizza.

In 1986 Domino's grossed $1.5 billion dollars, the second year it topped a billion. With more than 3,600 units now in operation, the company seems well on its way to achieving founder Thomas Monaghan's goal of 10,000 by 1990.

Other pizza chains have copied Domino's winning formula, down to the 30-minute delivery promise. But the imitation seems to work in only one direction—Domino's shows no signs, for example, of abandoning its bare-bones menu of thin-crust pizza and cola.

In the lead, Domino's is not looking back.

—*Toni Lydecker*

Fast Friendly
Free Delivery

Two companies on the move: Domino's 30-minute delivery policy lets profits come knocking while ARASERVE's growth strategies have put that company first in line.

ACTION EXPRESS

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RESTAURANTS & INSTITUTIONS

■ **ECONOMIC EXPERTS**

Regional Growth Varies Widely

Employment, earnings gains needed to encourage spending.

Kim Kennedy is a member of Cahners Department of Economics.

Last year's economic growth was not evenly distributed across the regions of the country. Some areas prospered while others lagged behind. These differences are expected to continue and will have a major impact on the growth and profits of local foodservice establishments.

On the whole, the strongest regions of the country have been New England, the Middle Atlantic, the South Atlantic, and the Pacific Southwest. These regions are characterized by a diverse industrial mix that has created strong employment and earnings gains.

Job creation primarily has been concentrated on the two coasts. The hottest job growth during 1986 occurred in the South Atlantic, where employment grew an estimated 3% above 1985. Florida led the region's growth with a 3.7% increase.

The east South Central region (Kentucky, Tennessee, Alabama and Mississippi) ran a close second with a 2.4% gain in jobs. Growth in this region was aided, in part, by recent investment in auto production facilities.

The Northeast was the clear leader in consumer spending growth last year. This region's growth has come more from gains in personal income than from strong employment growth. In New England, total retail sales were up 11.2% from 1985 and in the Middle Atlantic, they were 8.3% higher.

Sales growth took quite a different trend at restaurants and bars, however. The region with the strongest growth in eating and drinking place sales was the Midwest, where sales were a whopping 12.6% higher than in 1985.

Part of the reason for the strong sales growth in this region was its depressed level of sales prior to 1986. But more importantly, this growth is evidence of an economic revival slowly beginning to occur in the Midwest.

Eating and drinking place sales also were up strongly in the South. Sales grew a healthy 8.4% in this region, encouraged by employment growth.

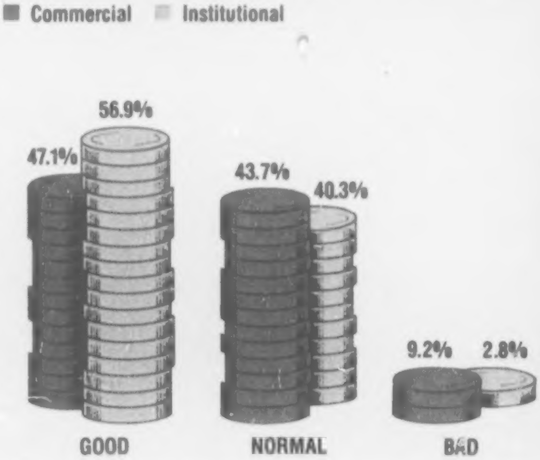
Growth across regions will converge somewhat during 1987, but for the most part, more of the same can be expected. Look for a diversifying economy and movement away from reliance on energy and farm economies as precursors of improvements in a region's economic performance.

—*Kim Kennedy*

■ **R&I DATA**

SALES NOW: FAST FOOD RATES BEST

The number of operators reporting good sales in December dropped nearly 8 percentage points, but the number reporting bad sales also declined 5.5 points. While more than 15% of fast-food operators reported bad sales in November, not one reported poor sales in December. On the institutional side, only health-care operators showed any sign of declining sales. Employee feeding made strong strides, with 68.8% citing good sales.



1987 Restaurants & Institutions, a Cahners publication

REGIONAL GROWTH PATTERNS

After a year of depressed restaurant sales, the Midwest showed the nation's strongest sign of a turnaround in 1986.

(% change from 1985)

[illegible]

Northeast	+2.0%
Midwest	+1.8
South	+1.5
West	+1.9
U.S. total	+1.8

[illegible]

Northeast	+9.2%
Midwest	+3.4
South	+4.2
West	+4.1
U.S. total	+5.1

[illegible]

Northeast	+4.8%
Midwest	+12.6
South	+8.4
West	+4.5
U.S. total	+7.6

Sources: U.S. Department of Labor, U.S. Department of Commerce

R&I EXCLUSIVE

FOOD TRENDS

1987 MENU

Restaurants & Institutions *1987 Menu Census, the 17th since its inception in 1970, offers the most complete trend analysis available of best-selling menu items. It shows Americans still remain rooted in most of the traditional eating patterns but are embracing two major new currents — healthy eating and the continued assimilation of ethnic dishes into the mainstream. Among the top 50 items ranked, classics such as the cheeseburger, french fries, apple pie and tossed green salad are leaders. People are still eating a lot of beef; roast turkey beat out fried chicken for the first time; fish is regionally strong; and desserts continue to grow in popularity, as do pasta and spiced dishes. Variety is the biggest seller on any menu. The following facts and analyses should help operators find the right mix.*

—Elizabeth Faulkner, Nancy Backas, Jeff Weinstein and Lisa Bertagnoli

RESTAURANTS
& INSTITUTIONS

CENSUS

1987 MENU CENSUS

APPETIZERS

Where Does the Meal Begin?

A la carte menus and portion sizes make appetizers redundant.

Many more appetizers were taken off menus this year than were added. Of 25 appetizers *R&I* polled operators about, 18 showed negative growth; only four showed positive growth.

The good news in this shrinking menu section this year runs both hot and cold. Hot growth leader in the category is chicken wings, followed by chilled melon and salsa with chips. Of those listed as good sellers, the fastest-growing appetizer industrywide is melon.

Among the appetizers being taken off menus this year, thanks presumably to changes in fashion, price-value or availability are: sushi and sashimi, quesadillas, quiche, mousses, and pâtés and terrines.

Tea for two; cocktails for 200: Respondents with large catering operations still report strong appetizer sales and lengthy appetizer menus. Best selling appetizers reported by hotel operators include melon, chicken wings, breaded zucchini and shrimp cocktail. On the institutional side of the market, the catering menus' best-selling appetizer this year is melon, followed by chicken or seafood nuggets and nachos.

Fruitful endeavors: Temporarily out of fashion on appetizer menus, fruit appears to be making a comeback this year. After melon, the industrywide growth leader, grapefruit and fruit cup have made a strong showing especially in the West. Most likely to offer them are hospital and employee-dining operators.

Seafood shines: Perennial favorite shrimp cocktail is most popular in the Northeastern and Western states, with full-service restaurant operators most likely to offer it. Along with shrimp cocktail, clams and oysters appear on the menus of America most often, and are listed as good sellers most consistently by employee-dining operators.

Golden nuggets: Chicken and seafood nuggets are served as appetizers more often by institutional operators than by commercial. Especially popular in college operations and hospitals, nuggets do not show significant regional differences in popularity.

Catering customers get raw deal: Crudités graced many an appetizer table this year and were strong sellers particularly on the catering menus of health-care and B&I operations, particularly in the Midwest. Deep-fried, the same vegetables sell even better in the same segments and in the Southern states.

10 BEST-SELLING APPETIZERS: NUGGETS WIN, HANDS DOWN

Chicken and seafood nuggets, introduced by fast-food operations, have become favorite appetizers in both full-service restaurants and institutional settings.

Total	Commercial	Institutional
Chicken/seafood nuggets	Nachos	Chicken/seafood nuggets
Melon	Chicken/seafood nuggets	Melon
Nachos	Melon	Nachos
Fruit cup	Shrimp cocktail	Fruit cup
Shrimp cocktail	Chicken wings	Deep-fried vegetables
Deep-fried vegetables	Clams/oysters	Shrimp cocktail
Breaded mushrooms	Hot cheese appetizers	Breaded mushrooms
Hot cheese appetizers	Breaded mushrooms	Breaded zucchini
Potato skins	Salsa	Hot-cheese appetizers
Clams/oysters	Potato skins	Potato skins

Source: 1987 Menu Census ©1987 *Restaurants & Institutions*, a Cahners publication

Melon showed the greatest growth as a good seller on appetizer menus.

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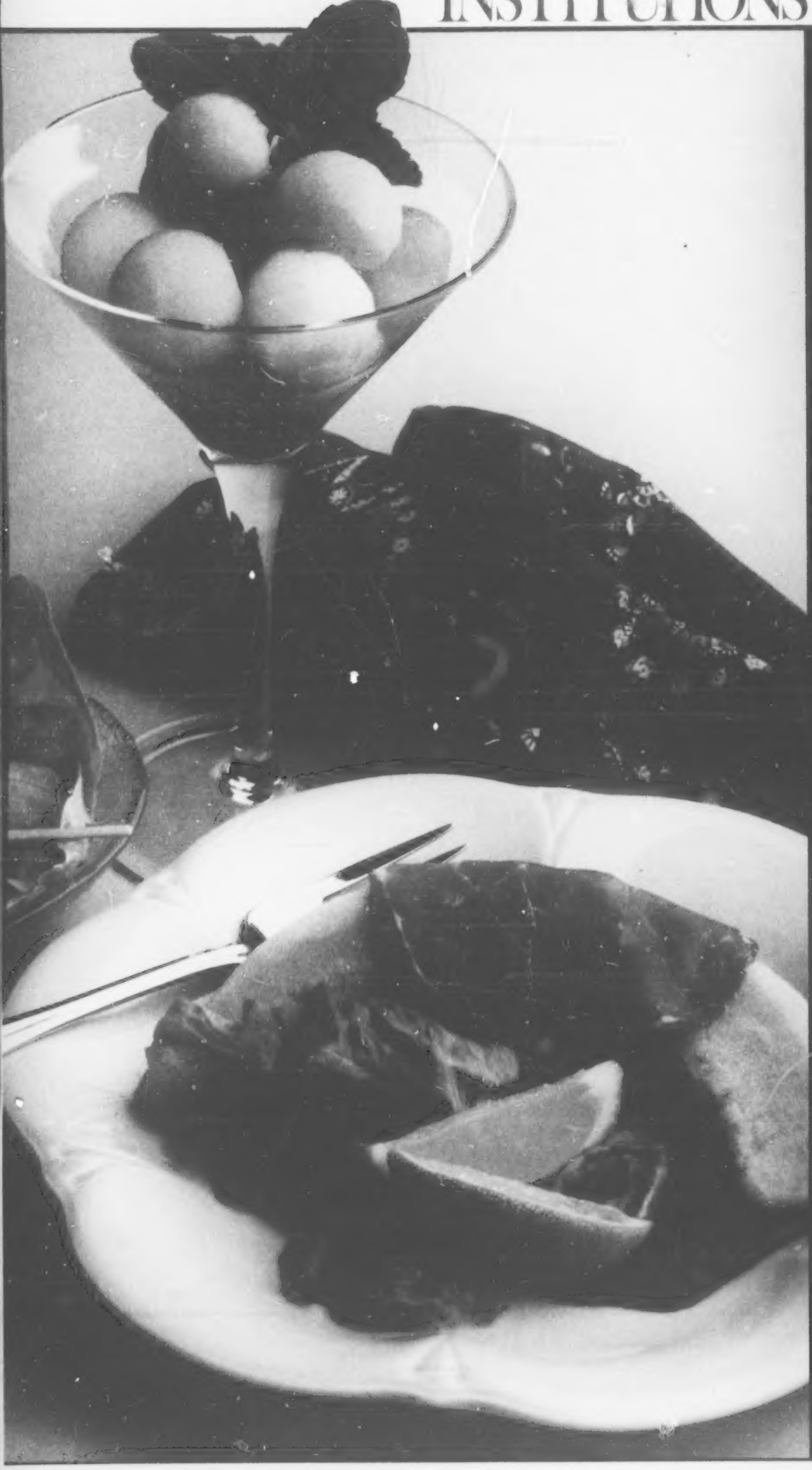


BAR APPETIZERS TAKE OFF ON A WING

Chicken wings, this year's appetizer growth leader, are especially popular in hotels and full-service restaurants with bars, and especially in the Northeastern states. The complete appetizer, chicken wings combine ease of preparation and presentation with a versatile attraction to many seasonings and attractive food cost.

1987 MENU CENSUS

SOUPS

Soupy Sales on the Rise

Soups meet customer demand for small, satisfying meals.

Soup of the day, beautiful soup! Traditional or trendy, made from scratch stock or from a frozen concentrate, soups are growing in popularity on nearly every menu in the industry.

One of the surprises in this year's Menu Census is the number of fast-food operations serving soup. More than one-third of the fast-food operators polled this year sell chicken soup or chili. One out of four lists beef soup, bean soup, split pea or cream of broccoli on its menu board. Of those fast-food operators offering them, 89% list vegetable soup as a good seller; 87%, chicken; 85%, New England clam chowder.

The popularity of cream of broccoli soup shows no sign of slowing down. It once again takes the honors as growth leader in the soup category of this year's Menu Census. Runners-up are beef soup and vegetable soup. Among those listed as good sellers, this year's growth leader is beef soup, followed by cream of broccoli, vegetable, potato, cheese and seafood soups.

Chowder wars: New England clam chowder sells better than Manhattan-style throughout the nation. Calling them good sellers, respectively, are 81% and 66% of respondents overall. Both chowder styles sell better on the coasts.

Bean-town favorite: Although 65% of *R&I* respondents in the Northeast say bean soups are good sellers, the down-home varieties do better, selling well for 71% of operators in the South.

Comfort by the ladleful: The workplace beats out even the hospital in stressfulness, judging by the number of chicken soup orders in both places: 97% of B&I respondents list chicken soup as a strong seller, compared with 94% of hospital operators. Similarly, operators report, travel-stressed hotel guests order chicken soup more often than the average customer. 89% of hotel operators list it as a good seller, compared with 86% of commercial operators overall.

No contest in cafeterias: Vegetable soup is the hottest seller in cafeterias this year (97% of respondents call it a good seller) and nothing else comes close. Cream of broccoli and chicken soup follow at a good distance, with 84% and 82% of respondents calling them good sellers.

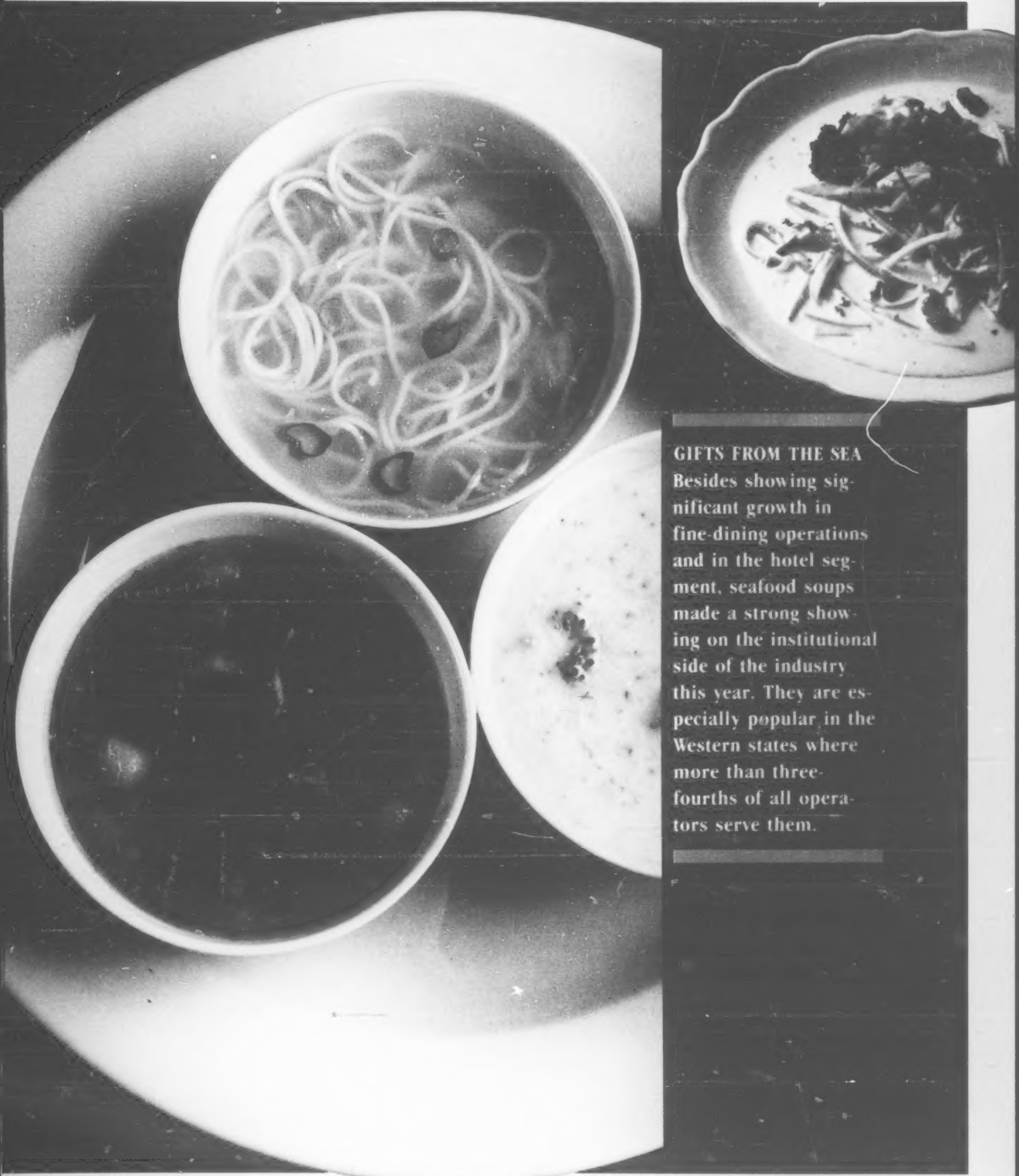
Scratch soups cure the itch: At the fine-dining end of the industry, the No. 1 soup is cream of broccoli (89% of respondents list it as a good seller). Following are New England and Manhattan clam chowders.

10 BEST-SELLING SOUPS: CHICKEN, VEGETABLE TAKE HONORS

Soup tends to be a comfort food, and the two soups most reminiscent of Mom's, chicken soup and vegetable soup, sell the best throughout the industry.

Overall	Commercial	Institutional
Vegetable	Vegetable	Chicken
Chicken	Chicken	Vegetable
Beef	New England clam chowder	Beef
New England clam chowder	Cream of broccoli	Chili
Cream of broccoli	Beef	New England clam chowder
Chili	Cheese	Cream of broccoli
Cheese	Seafood	Minestrone
Potato	Chili	Cheese
Seafood	Potato	Potato
Minestrone	Manhattan clam chowder	Tomato

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication.



GIFTS FROM THE SEA Besides showing significant growth in fine-dining operations and in the hotel segment, seafood soups made a strong showing on the institutional side of the industry this year. They are especially popular in the Western states where more than three-fourths of all operators serve them.

■ **SIDE DISHES**

Potatoes Strong on the Side

Green, yellow vegetables sell well, but pale next to potatoes' menu power.

Despite the cornucopia of fresh green vegetables available in this country, Americans remain devotees of potatoes, whether the spuds are mashed, fried or baked. Potatoes top the list of more than 50 side dishes given to operators to rate.

French fries and American fries, baked and mashed potatoes crowd the top of the overall, commercial and institutional best-seller lists.

But diners in this country occasionally are overcome with the urge to experiment. Baby vegetables, the darlings of new cuisine, have seen strong on-menu and good-seller growth during the past two years. Along with the babies, onion rings, cauliflower, stir-fried vegetables and egg noodles were added to the most menus; cauliflower, American fries, stir-fried vegetables and onion rings enjoyed the most growth as good sellers.

Potatoes are king in both full service and fast food. French fries, baked potatoes and American fries are the best-selling sides in full service; green beans, broccoli, asparagus, fettuccine and vermicelli, and egg noodles also sell well. Fast food's list of good-selling sides is predictably void of green vegetables, with onion rings, any kind of mushroom, french fries, American fries and potato chips grabbing the top spots.

Although other side dishes make a showing as good sellers on fine-dining menus, baked potatoes and French fries still rule. Fettuccine and vermicelli, broccoli, green beans, cauliflower, rice pilaf, asparagus and carrots round out the good-seller list in that segment.

French fries get lost in the crowd of green and yellow vegetables on cafeteria steam tables. Green beans, corn on and off the cob, cabbage, peas, cauliflower, carrots and mashed potatoes appear on most cafeteria menus.

Business and industry customers like potatoes, too, but green beans, broccoli and cauliflower are better sellers in corporate facilities than mashed or baked potatoes. Operators say corn in other forms than on the cob, carrots, egg noodles and white rice also sell well to company foodservice patrons.

Most of the vegetables, potatoes and starches appear on more menus in Northern and Eastern regions. The South and West, however, do have their favorites. Corn on the cob, dumplings, hush puppies, okra and white rice sell better in the South than anywhere else. Refried beans and Spanish rice do better out West than in other parts of the country.

10 BEST-SELLING SIDE DISHES: FRENCH FRIES REMAIN NO. 1

Operators say potatoes are better sellers than any of the 50 side dishes listed on the Menu Census. Green beans and broccoli also enjoy high good-seller status.

Overall	Commercial	Institutional
French fries	Franch fries	French fries
American fries	Baked potatoes	Mashed potatoes
Baked potatoes	American fries	Corn (other)
Mashed potatoes	Broccoli	Green beans
Green beans	Green beans	Baked potatoes
Broccoli	Mashed potatoes	Broccoli
Hash browns	Onion rings	Onion rings
Onion rings	Mushrooms (any)	Corn on the cob
Corn (other)	Cauliflower	Stuffing
Fettuccine/vermicelli	Carrots	Applesauce

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication

RESTAURANTS & INSTITUTIONS

THE LITTLE GIANTS Baby vegetables topped both the growth on menu and growth good seller lists, appearing on 11.1% more menus and selling well for 10.9% more operators. Where are they selling? In fine-dining operations, where 72% of the operators surveyed say baby vegetables sell well; in cafeterias, where 70% of the operators peg the vegetables as good sellers; and in hotels and motels, with 66.2% of the operators agreeing on the vegetables' selling power.

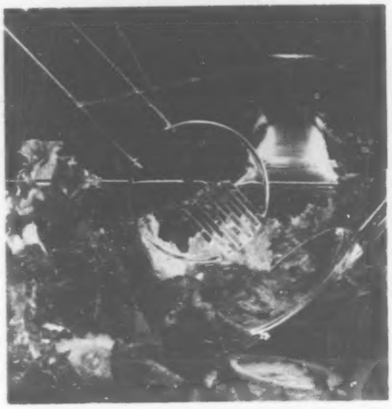
America loves french fries in almost any type of dining establishment.

1987 MENU CENSUS

■ SALADS

Standards Spark Salad Sales

Pasta salad, taco salad and tossed greens sell well in all segments.



Tossed green salad, an old favorite, again is the best seller overall.

According to the 1987 *Restaurants & Institutions* Menu Census, salads, especially old favorites, are selling better than ever, proving that "light and healthy" is more than a catchy media phrase.

Tossed green salad tops all lists, including overall, commercial and institutional best sellers. Tossed greens, pasta salad and potato salad have joined the most menus and have grown the most as "good sellers" since the census was last done in 1985. Coleslaw appears most frequently on menus in all industry segments while tossed greens rank high everywhere except in hospitals and nursing homes.

Tastes in salad dressings, however, veer away from tradition. Special house, buttermilk-based, blue cheese and Roquefort, Italian and Thousand Island are the best-selling salad dressings.

Business and industry customers choose tossed greens, chef's salad, fruit salad, cottage cheese and fruit, and pasta salad more often than other salads.

Coleslaw, tossed greens, fruit salad, chef's salad and potato salad proved best sellers on cafeteria lines.

A comparison of good-selling salads in full-service and fast-food operations proves that the two types of menus are beginning to meld. Full-service outlets, including fine dining, casual/theme, steakhouses and cafeterias peg tossed greens, special house salad, chef's salad, coleslaw and taco salad as good sellers. Hamburger, sandwich, pizza and chicken units, under the banner of fast food, said chef's salad, potato salad, tossed greens, coleslaw and macaroni salad sell well.

10 BEST-SELLING SALADS: TRADITIONAL TOSSED GREENS ANCHOR SALES

Tossed green salad is the best-selling salad in all operations, in commercial operations and institutional facilities. Operators rated more than 20 salads.

Overall	Commercial	Institutional
Tossed green	Tossed green	Tossed green
Special house salad	Special house salad	Fruit salad
Taco salad	Taco salad	Taco salad
Chef's salad	Chef's salad	Chef's salad
Fruit salad	Potato salad	Cottage cheese/fruit
Potato salad	Coleslaw	Potato salad
Coleslaw	Fruit salad	Pasta salad
Cottage cheese/fruit	Pasta salad	Gelatin salad
Spinach salad	Macaroni salad	Macaroni salad
Pasta salad	Cottage cheese/fruit	Mixed vegetable salad

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication.

WHERE HAS ALL THE PASTA GONE?

Only tossed greens eclipsed pasta salad as the top on-menu and growth good seller. Pasta salad was added to 16.3% more menus, and was called a good seller by 14% more operators. Pasta salad remains popular in segments where customers want a quick, filling meal. College students are a prime example: 78% of the college foodservice operators say pasta salad is a good seller. Fast-food units come in next, with 69.7% saying pasta salad sells well.

1987 MENU CENSUS

SANDWICHES

Classics Still Reign

Burgers take the top three slots as good-selling sandwiches.

Hamburgers and cheeseburgers remain the unrivaled favorite sandwiches in both commercial and institutional foodservice. Cheeseburgers are on top of the list, followed by hamburgers and the upscale version, gourmet hamburgers. Bacon cheeseburgers also appear on the top-seller list.

The classic sandwiches, the club sandwich and the bacon, lettuce and tomato, also continue to be as popular as ever. The business and industry segment most often has the club on its menu, followed closely by hotel and motel foodservice. Hotels and employee foodservice also are likely to put the BLT on the menu, as is college and university foodservice.

The menu item that grew most as a best seller this year was the croissant sandwich, followed by steak sandwich, fish patty sandwich, cheeseburger and bacon cheeseburger. The croissant sandwich appears most on hotel, college and business menus and sells best in hospitals.

The chicken patty sandwich, introduced by fast-food operations, has become a good-selling sandwich in institutional foodservice. Colleges, hospitals, schools and businesses all report high-selling status for the chicken patty. However, in the commercial sector, fast-food restaurants still most often proclaim the chicken patty a good seller.

Commercial operations' best-selling sandwiches also include sliced turkey sandwiches, roast beef sandwiches, tuna salad sandwiches and thin-sliced steak sandwiches. Roast beef sells best in fast-food restaurants and least frequently in hotels.

The cold deli sandwich grew most as a good seller in 1986.

CHEESEBURGER, PLEASE

Hamburgers are a sure-fire seller in every segment of the foodservice industry, according to this year's census. They are most popular in schools, followed by hotels, fast food and hospitals.

10 BEST-SELLING SANDWICHES: GROUND BEEF ON A BUN SELLS BEST

The hamburger has been upgraded to gourmet status, and the chicken patty, created by fast-food operations, has been welcomed by institutional operators.

Overall	Commercial	Institutional
Cheeseburger	Cheeseburger	Cheeseburger
Hamburger	Hamburger	Hamburger
Gourmet hamburger	Gourmet hamburger	Gourmet hamburger
Club sandwich	Club sandwich	Chicken patty
Bacon cheeseburger	Sliced turkey	Bacon, lettuce & tomato
Roast beef sandwich	Bacon cheeseburger	Ham and cheese
Chicken patty	Roast beef	Bacon cheeseburger
Bacon, lettuce & tomato	Tuna salad	Thin-sliced steak
Sliced turkey	Bacon, lettuce & tomato	Grilled cheese
Thin sliced steak	Thin-sliced steak	Roast beef

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication

1987 MENU CENSUS

■ MEAT

Beef Makes a Clean Sweep

Prime rib, steak and chili win best-selling spots.

Despite numerous media reports to the contrary, beef is alive and well on restaurant menus, according to the 1987 *Restaurants & Institutions* Menu Census. In the top 10 best-selling entree spots, beef makes almost a complete sweep. That old favorite prime rib is in the top slot this year, followed closely by steak.

Perhaps a result of the interest in hot, spicy food, chili also is a top contender this year, followed by equally spicy barbecued spare ribs. Comfort food entrees such as pot roast and meatballs also are winning the hearts of Americans, according to this year's census. Veal entrees also were cited as best sellers; veal Parmesan was a top seller overall, while veal chops appeared on the commercial segment best-seller list.

Meatballs were the meat added most frequently to menus this year, followed by baked ham, chili, liver and meat loaf. Meatballs were most popular in hospitals and nursing homes, colleges and in business and industry operations. Nearly all business and industry operators surveyed said baked ham appears on their menus, but it is more popular in the hospital and nursing home segment.

Liver sells best in the business and industry and full-service segments and is least popular in the college and university segment. Although meat loaf is a menu item frequently offered in institutional foodservice, it sells well only in the hospital and nursing home, and business and industry segments.

Pork entrees were best sellers in both the commercial and institutional segments. Roast pork sells well overall in commercial operations, while pork chops are popular in the institutional segments.

Hotels and motels serve more lamb chops, roast lamb, roast veal, meat and seafood combination plates, steak and prime rib than any other foodservice segment. Beef stew, meatballs, meat loaf, corned beef and Swiss steak are most often on business and industry menus. And corn dogs are big with the college and university crowd.

Central region popular meat entrees include chili, Swiss steak and corn dogs. Oriental steak teriyaki finds the most favor in the West, a region that has the least meat on the menu overall.

Other top 10 best sellers include London broil, Swiss steak and chopped steak.

Operators report more prime rib served than any other meat.

10 BEST-SELLING MEAT ENTREES: PRIME RIB IS PERENNIAL FAVORITE

Among the top 10 best-selling meat entrees, beef dishes are mentioned more than any other type of meat. Veal and pork entrees also appear to sell well.

Overall	Commercial	Institutional
Prime rib/roast beef	Prime rib/roast beef	Prime rib/roast beef
Steak	Steak	Pot roast
Chili	Chili	BBQ spare ribs
BBQ spare ribs	Veal chops	Steak
Veal Parmesan	Veal Parmesan	Chili
Chopped steak	BBQ spare ribs	Meatballs
Pot roast	Chopped steak	London broil
Meatballs	Roast pork	Veal Parmesan
London broil	Baked ham	Pork chops
Swiss steak	Meatballs	Chopped steak

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication

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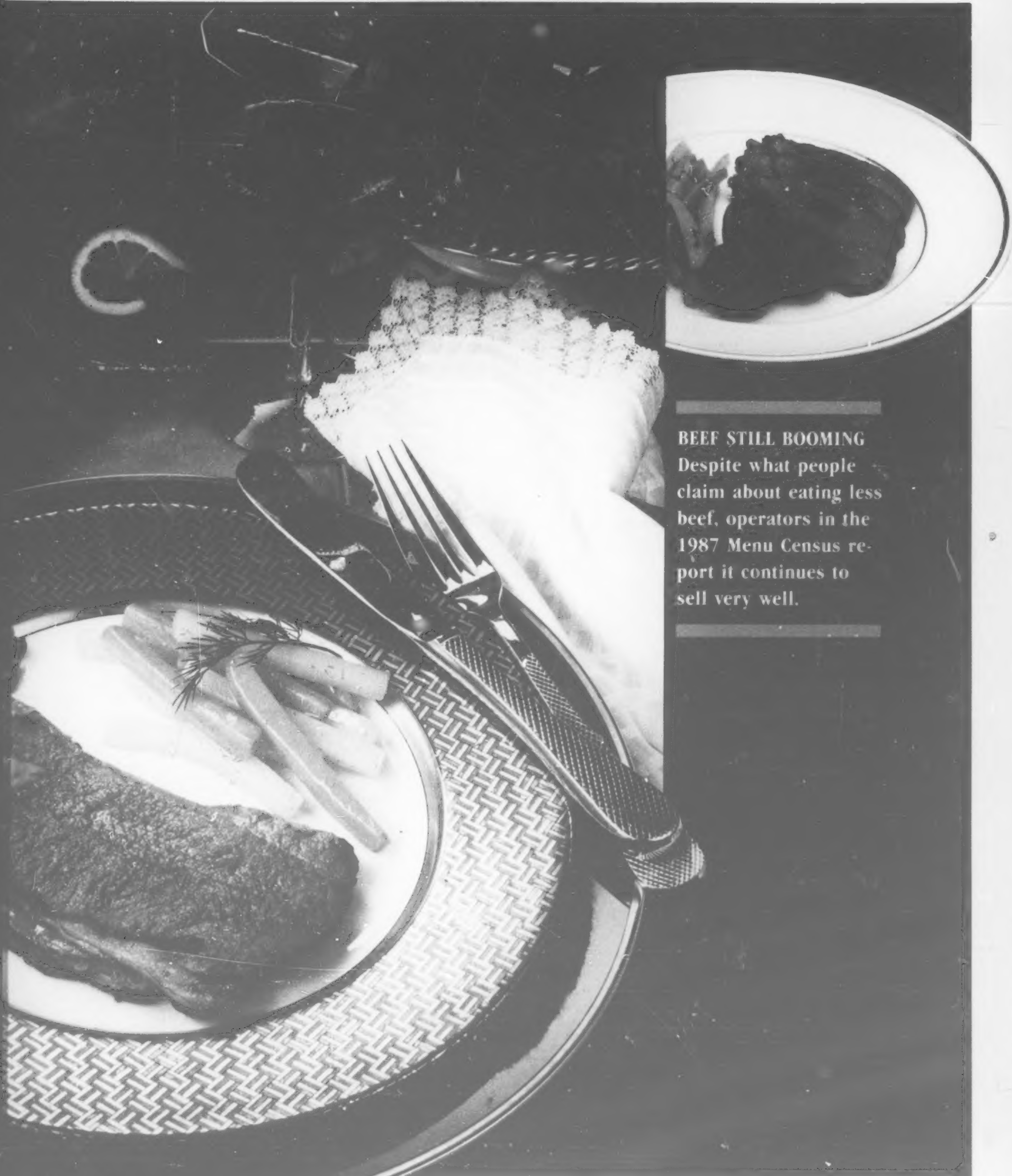

BEEF STILL BOOMING Despite what people claim about eating less beef, operators in the 1987 Menu Census report it continues to sell very well.

1987 MENU CENSUS

■ POULTRY ENTREES

Turkey Takes the Lead

Roast turkey surges ahead of fried chicken as best-selling entree.

Turkey is not just for holidays any more, so say 1987 *Restaurants & Institutions* Menu Census respondents. For the first time, roast turkey beats out fried chicken as the best-selling poultry entree, although fried chicken comes in a close second. Turkey breast and turkey slices also appear in the top five best-seller list, proving that turkey has come a long way from the holiday table.

Despite the trend toward lowfat foods, fried chicken continues to be a good seller in all foodservice segments. Fried chicken is the No. 1 best seller in the institutional segment, where it sells especially well in hospitals and nursing homes.

Easy-to-eat fast-food-inspired chicken items such as chicken tenders, chicken nuggets and chicken patties have become overall poultry best sellers. In fact, the poultry item that has grown the most as a best seller is the chicken nugget, an item most often thought of as a fast-food offering. Institutional operations have grabbed onto chicken nuggets' popularity and are finding they sell very well, especially in schools and colleges.

Specialty poultry items such as chicken Kiev, turkey or chicken parmigiana, duck and rock Cornish game hens are most often on menus in the Northeast and in higher volume restaurants. Hotels and motels put the most duck and rock Cornish game hens on the menu.

The business and industry segment has more fried chicken, barbecued chicken, turkey breast and chicken or turkey salad on the menu than any other segment. Schools offer the most processed poultry items: turkey or chicken franks and turkey roll.

Light and healthful chicken or turkey salad, a top 10 best seller in commercial restaurants, is found most often in business and industry, and hospital and nursing home foodservice. Hospitals and nursing homes serve more barbecued chicken and chicken *cordon bleu* than any other foodservice segment.

Hot on the poultry trail is the Northeastern region of the United States, which puts more poultry items on the menu than any other region. Chicken *cordon bleu* and chicken or turkey parmigiana, especially, are on a high percentage of menus in the Northeast. In the West, fried chicken and roast turkey are the best sellers, while in the South, traditional fried chicken and roast turkey still win kudos.

10 BEST-SELLING POULTRY ENTREES: TURKEY BEATS OUT FRIED CHICKEN

Turkey products have found an all-year-round place on foodservice menus alongside chicken entrees. Fast food influences institutional poultry offerings.

Overall	Commercial	Institutional
Roast turkey	Roast turkey	Fried chicken
Fried chicken	Turkey breast	Roast turkey
Turkey breast	Fried chicken	Turkey breast
Chicken tenders	Pressure-fried chicken	Chicken tenders
Turkey slices	Chicken tenders	Chicken nuggets
Chicken with sauce	Chicken with sauce	Chicken patty
Chicken nuggets	Turkey slices	Turkey slices
Pressure-fried chicken	Chicken/turkey Parmesan	Chicken with sauce
Chicken patty	Roasted chicken	BBQ chicken
Roasted chicken	Chicken/turkey salad	Roasted chicken

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication.

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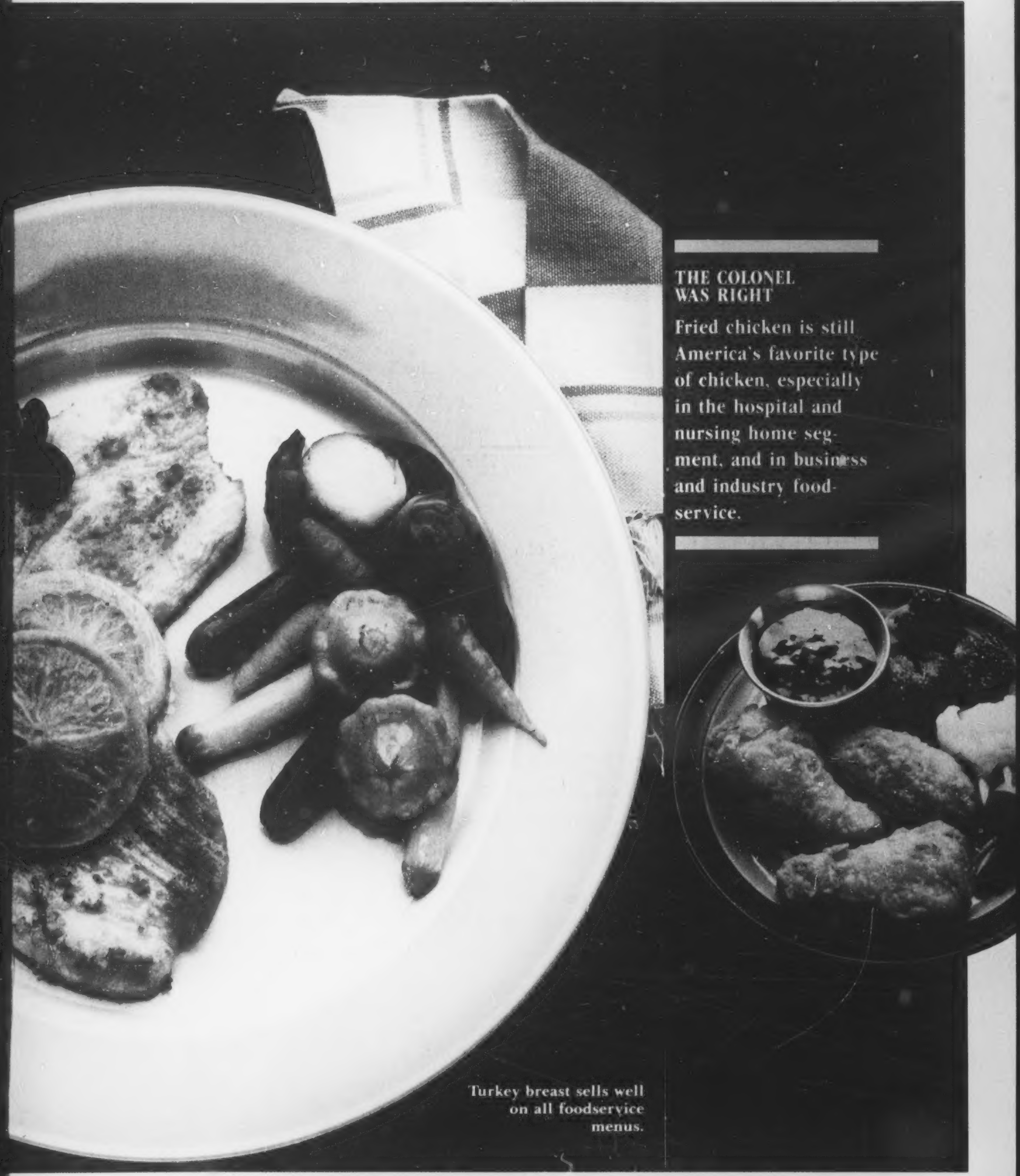


THE COLONEL WAS RIGHT

Fried chicken is still America's favorite type of chicken, especially in the hospital and nursing home segment, and in business and industry foodservice.

Turkey breast sells well on all foodservice menus.

1987 MENU CENSUS

SEAFOOD ENTREES

Shrimp Sells Everywhere

Fried and non-fried shrimp dishes are good sellers in every segment.

Shrimp takes the top two spots on the 1987 *Restaurants & Institutions* Menu Census best-seller list. Both fried and non-fried shrimp were touted as best sellers overall, and appeared on both the commercial and institutional top 10 best-seller list.

Proving, however, that Americans are becoming seafood lovers, 12 out of the 32 seafood items tracked appeared on more than 20% of the menus of all operators surveyed. Fish species such as cod, tuna, salmon, flounder, haddock, sole, halibut and perch as well as scallops, clams, crab and shrimp are items operators increasingly chose to put on their menus. Seafood items that grew as best sellers in this year's census include cod, catfish, king crab and salmon.

The Cajun craze is alive and well. The top best-selling seafood item in the commercial segment is redfish, a species rarely used 10 years ago. Mild-flavored fish such as flounder, swordfish, cod, snapper, haddock and sole also are best sellers in the commercial segment.

The hotel and motel segment puts more fish on the menu than any other segment, with shrimp, salmon and crab most likely to appear on the menu. Fast-food operations sell the least amount of seafood overall (excluding fish sandwiches), but french-fried shrimp and cod are the items that appear on fast-food menus most often.

Institutional operators named scrod, scallops and tuna in addition to the potpourri seafood platter as top-selling items. Schools serve the least amount of seafood in the institutional segment, but, not surprisingly, sell more fish portions and fish sticks than any other foodservice segment. Business and industry foodservice put a fair amount of seafood on the menu, citing cod, shrimp and tuna as top items.

Regional differences are very strong when it comes to types of seafood served. Coastal areas of the Northeast and West have more seafood items on the menu than the more inland areas in the Central and Southern regions.

Northeastern operators most often have tuna, scallops, clams, flounder, haddock, scrod, Seafood Newburg and lobster on the menu. Halibut, trout and snapper appear most on Western menus. Southern operators are most likely to have catfish on the menu.

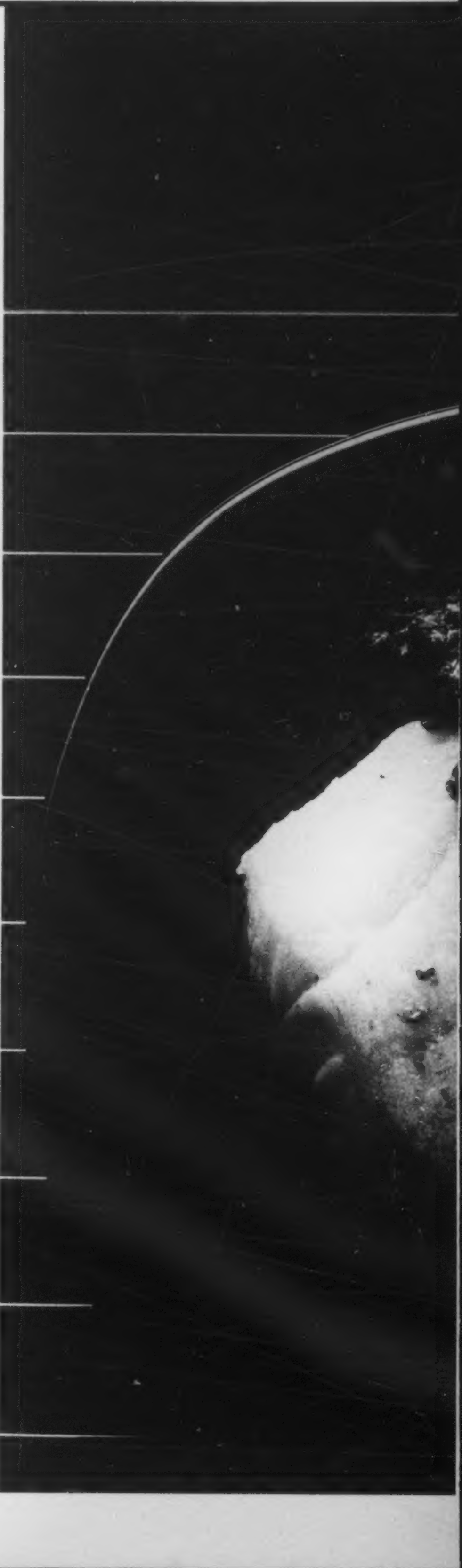
Less accepted seafood items such as squid, mussels, monkfish, pollack and oysters are put on the menu most often in hotels and motels.

10 BEST-SELLING SEAFOOD ENTREES: SHRIMP IS TOP SELLER OVERALL

Firm-fleshed, mild-flavored seafood such as flounder, cod, swordfish and haddock scores the best with patrons throughout the foodservice industry.

Overall	Commercial	Institutional
French-fried shrimp	Redfish/orange roughy	French-fried shrimp
Shrimp, non-fried	French-fried shrimp	Seafood platter
Seafood platter	Seafood platter	Scrod
Flounder	Flounder	Haddock
Cod	Swordfish	Scallops
Redfish/orange roughy	Cod	Shrimp, non-fried
Haddock	Shrimp, non-fried	Flounder
Scrod	Snapper	Cod
Swordfish	Haddock	Sole
Sole	Sole	Tuna

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication



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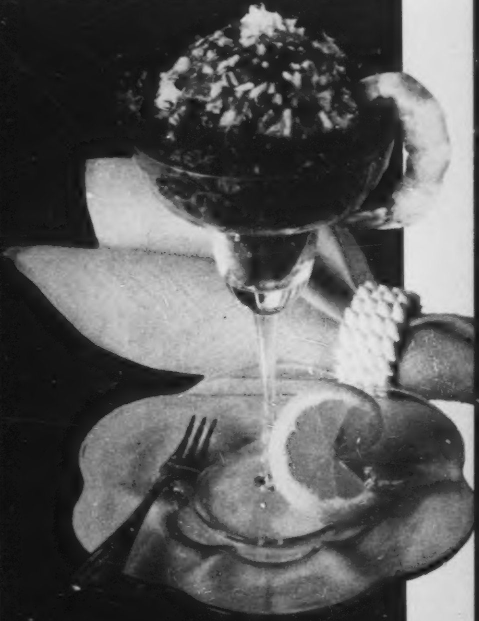
Mild-flavored cod grew in popularity, according to this year's census.



SHRIMP IS FLYING HIGH

Sales of both fried and non-fried shrimp soared in the past year, especially in the college and university segment, according to the 1987 *R&I* Menu Census.

1987 MENU CENSUS

OTHER ENTREES

Tacos Tip the Scale

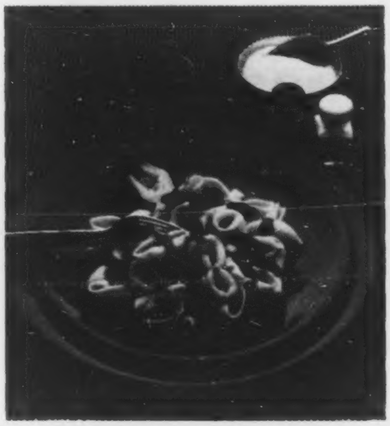
Mexican, Italian entrees vie for good-seller status.

They might have started out as entrees specific to certain ethnic groups, but Mexican and Italian dishes have become all-American favorites. Operators surveyed named Mexican-origin tacos as the top seller in the other entrees category. The next five in the top 10 list are Italian-inspired: pasta and spaghetti with sauce, pizza, spaghetti with meatballs and lasagna.

Pasta with sauce is especially popular in the commercial segment, where it beats out its rival tacos. Although very few fast-food outlets offer pasta and spaghetti entrees, those that do find them especially good sellers.

Mexican entrees are finding widespread appeal, especially in the institutional sector. Tacos are big at colleges and in schools, while burritos and tostadas are popular in hospital and nursing home foodservice. Enchiladas sell well in full-service restaurants and in hospitals.

Baked potatoes with toppings, which have only been considered an entree for a short time, now sell well enough to earn best-seller status and, in fact, have grown as a good seller. Colleges and universities put baked potato entrees on the menu most often.

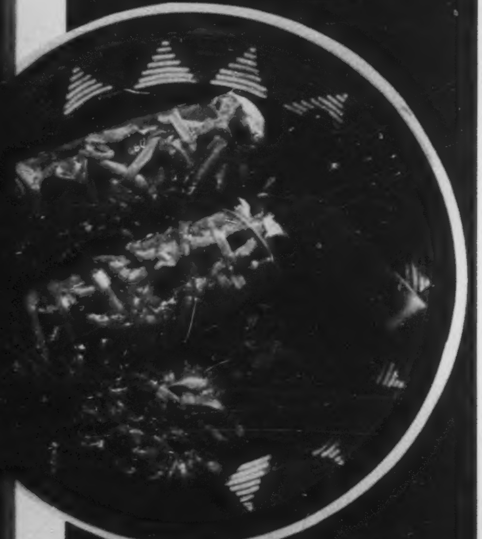


Pasta salad grew as a good seller on foodservice menus.

To win a student's heart, all school foodservice operators need do is serve them pizza. According to this year's survey, almost 99% of operators surveyed said that pizza sold well. Pizza also sells well at colleges, in fast-food units and in business and industry.

Pasta salad, an entree that is found most often on hotel and motel menus and in college and university, and business and industry foodservice, was the menu item that was added by the most operators. Fast-food operations most often call pasta salad a good seller, although it also sells well in hospitals.

GRINGOS LIKE IT, TOO Mexican entrees such as enchiladas, tacos and burritos are finding widespread appeal, according to the 1987 Menu Census, especially in the West.



10 BEST-SELLING ENTREES: TACOS AND PASTA VIE FOR TOP SPOT

Both commercial and institutional operations claim Mexican and Italian entrees such as tacos, pastas, enchiladas, pizza and tostadas sell well.

Overall	Commercial	Institutional
Tacos	Pasta with sauce	Spaghetti with sauce
Pasta with sauce	Tacos	Tacos
Spaghetti with sauce	Spaghetti with meatballs	Pizza
Pizza	Spaghetti with sauce	Spaghetti with meatballs
Spaghetti with meatballs	Enchiladas	Pasta with sauce
Lasagna	Lasagna	Lasagna
Baked potato w/ topping	Baked potato w/ topping	Baked potato w/ topping
Macaroni and cheese	Pizza	Macaroni and cheese
Tostada	Tostada	Tostada
Enchiladas	Entree salads	Burritos

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication.

■ DESSERTS

Sweet Music: Dessert Is In

Chocolate cheesecake: a rising star among classics.

Here's the scoop: Americans continue to eat more desserts. With the trend toward nutritious and healthful eating, consumers feel better about themselves and find more excuses to satisfy their sweet tooth.

Whether the treat is gooey, creamy, chewy, baked or frozen, dessert consumption has jumped 18% since 1978, according to MRCA Information Services.

This year's *Restaurants & Institutions* Menu Census shows that classic dessert items still are tops with consumers in all segments of foodservice, while new gourmet items are making inroads.

While good old-fashioned apple pie remains the top overall "good seller," chocolate cheesecake has shown the greatest growth as a good seller between 1985 and 1987. During the same period, chocolate cheesecake has been added to more dessert menus than any other item. It is selling especially well in contracted, hotel and motel, and fine-dining operations. Among fast-food operations, sandwich shops are, by far, selling the most chocolate cheesecake. Regionally, the Northeast is having the best success.

In the pie group, lemon, custard and chocolate have shown the greatest growth between 1985 and 1987. These pies have lips smacking more in the hospital and nursing home segment than any other institutional setting.

Americans' love for chocolate is still a very sweet affair when it comes to cakes. Plain, delicious chocolate cake remains the top good seller of all desserts in the institutional sector, especially in the college and university setting. In the commercial environment, it is doing great business in the hotel and motel segment.

Ice cream remains a steady performer, be it soft-serve, plain, gourmet or sundaes. Plain ice cream scores heavily in contract operations with strong growth in hospitals and nursing homes. Soft-serve ice cream is a big hit with fast-food hamburger operations, more so in the Central region than any other area. Sundaes are doing big business in family restaurants and at colleges. Trendy gourmet ice creams are making more of an impact each year. Growth has been highest in fine-dining establishments and on college campuses. Again, the Northeast region is outperforming other sections of the country.

The healthful ice cream alternative, yogurt, is finding a strong customer base in the business and industry sector, and again, on college campuses.

Other strong dessert performers are fresh fruit, cookies and brownies.

Chocolate cheesecake is showing the strongest growth.

10 BEST-SELLING DESSERTS: CLASSICS ARE STILL FAVORITES

Throughout American history, dessert lovers have favored apple pie. This year is no exception. Chocolates also dominate the list.

Overall	Commercial	Institutional
Apple pie	Apple pie	Cookies
Cookies	Cream-style cheesecake	Brownies
Chocolate cake	New York-style cheesecake	Chocolate cake
Cream-style cheesecake	Soft-serve ice cream	Apple pie
Soft-serve ice cream	Chocolate pie	Soft-serve ice cream
New York-style cheesecake	Chocolate cake	Cream-style cheesecake
Chocolate pie	Any berry pie	Chocolate pie
Brownies	Gourmet ice cream	Sundaes
Fresh fruit	Fresh fruit	Fresh fruit
Plain ice cream	Plain ice cream	Plain ice cream

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication.

RESTAURANTS & INSTITUTIONS

FRUITFUL OFFERINGS Among full-service restaurants, casual/theme does the best job selling fresh fruit, as 88% of those operations call it a good seller. Fresh fruit is a good seller in 85.5% of cafeterias, 75.9% of fine-dining establishments and in 60.1% of family restaurants.

1987 MENU CENSUS

THE METHOD BEHIND THE CENSUS

The 1987 Menu Census marks the 17th year *Restaurants & Institutions* has conducted this comprehensive survey of foodservice operators. Two versions of the surveys were mailed to approximately 12,000 operators this year, 6,000 for each version.

Version A asked operators to check which food items listed on the survey are featured on their menu, and which of those are good sellers. Version B asked respondents to indicate at which meal occasions each food item listed on the survey is served in their restaurant. Only the results of the Version A survey are used in this article because it is the same version used in years' past, allowing tracking of menu trends.

Survey respondents, both in terms of geographical location and type of operation, represent a complete industry cross-section. Commercial subcategories include full-service restaurants, fast-food units and, hotel and motel restaurants. The institutional sector breaks down into hospitals and nursing homes, colleges and universities, schools, and business and industry accounts. Regionally, the survey is divided into four sections: Northeast, Central, South and West.

■ **BEVERAGES**

Colas Guzzling Up Market

Milkshakes and malts make big splash as good sellers.

When you consider that per capita consumption of soft drinks stands at 47.4 gallons annually, it is no surprise that cola-flavored soft drinks continue to be the overall "good seller" leader among beverages in the 1987 *Restaurants & Institutions* Menu Census.

Sales at family restaurants, from fast food to steakhouses, account for cola's strong performance.

To no one's surprise, coffee also is a perennial strong performer in the *R&I* Menu Census. Contractors, especially in the business and industry segment, play a big role in coffee's success.

Juices are showing steady growth as good sellers, especially apple, orange and cranberry. Orange juice is showing strength across the industry, but cranberry and apple are showing the strongest growth on menus. Hotel and motel operations on the commercial side and business and industry feeders on the institutional side are the overall "good seller" leaders for cranberry and apple juices.

Just as Americans are indulging in desserts, they also are showing their affinity for milkshakes. Malts and milkshakes are atop this year's survey as the beverages showing the greatest gain as good sellers. Naturally, they are performing well in fast-food operations and school settings, but they are showing vast improvement in the family and casual/theme environment.

Beer and wine continue to be strong performers in the commercial segment, specifically in the West region where wine coolers are showing exceptional growth. Beer and wine also are showing marked improvement in the contract catering segment.

Fruit juices, decaffeinated coffee and milkshakes show strong sales growth.

10 BEST-SELLING BEVERAGES: CONSUMERS CRAZED BY COLA

Cola remains the preference of consumers across the board. Nearly 95% of commercial operations report cola as a good seller.

Overall	Commercial	Institutional
Cola soft drinks	Cola soft drinks	Orange juice
Orange juice	Regular beer	Cola soft drinks
Regular beer	White wine	Coffee
Coffee	Coffee	Whole white milk
White wine	Iced tea	Apple juice
Any liquor/spirit	Any liquor/spirit	Lowfat milk
Light beer	Orange juice	Grape juice
Iced tea	Light beer	Chocolate milk
Whole white milk	Milkshakes/malts	Iced tea
Milkshakes/malts	Imported beer	Decaffeinated coffee

Source: 1987 Menu Census. ©1987 *Restaurants & Institutions*, a Cahners publication.

The newly organized Halloran House management staff.

■ HUMAN RESOURCES

Halloran House Wins with Caring Attitude

Division managers motivated by hospitality workshop series.

Setting higher employee standards. Practicing motivational techniques. Encouraging teamwork. These management principles all sound great, but are they worth the effort? Will they really make a difference on the bottom line?

The answer has been a resounding yes at the Halloran House hotel in New York City, on Lexington Avenue between 48th and 49th streets. The top line: guest satisfaction. The bottom line: a financial turnaround.

For the first eight months of 1985, the hotel lost $3.5 million in a very competitive corporate market (neighbors include the Inter-Continental, the Doral Inn, the Loews Summit and the Waldorf-Astoria). In 1986, for the same eight months, the hotel lost only $250,000. In 1985, the first eight month's operating profit was 26%. For the same period in 1986, profit increased to 32% simply because sales increased and expenses were reduced. The turnaround is attributed to a staff that cares more, is more careful and shows more pride. Because of better service, the hotel was able to increase room rates from $87 to $102 a night.

Halloran House General Manager Domenic D'Angelo recently enrolled his division managers, their assistants and department heads in a series of workshops under the direction of prominent educator Dr. Eugene Forence. Forence is the president of Hospitality Learning Systems Inc. in Weston, Conn.

D'Angelo explains, "Our purpose in exposing the Halloran House staff to the 'Hospitality Learning System' workshop program was to equip each staff member with the important tools to do a better job. A carpenter couldn't function without a hammer; a painter without a brush. Same for hotel people. If you want a happy, satisfied clientele, you must supply your staff with the tools to help them reach that goal.

"Before you get to this point, though," D'Angelo continues, "you have to make sure your people—after they've mastered the tools they've been given—work together as a team to develop a set of 'Guideline Management Principles.' These act as a blueprint or roadmap in helping each of us, including the general manager, reach our individual and organizational goals."

Forence began the program by surveying the hotel to see what it needed to improve its service system. At the time, the hotel had a lot of new department heads. They needed to learn teamwork and to work as a group to come up with standards to measure performance.

First, each department head and a representative from the line employees had to determine if a standard was feasible and if it was important. The workshop resulted in standards set much higher than if D'Angelo would have set them himself.

The food and beverage team decided that timeliness was an important factor in a guest's decision whether to make a return trip to the hotel. The group decided that guests should receive a menu no longer than one minute after being seated, and that orders should be taken no more than five minutes later.

Bottom line results: Food and beverage sales increased from $5.2 million in 1985 to $6.6 million in 1986.

—Jeff Weinstein

■ R&I DATA

LABOR COST INDEX: MARKET IS TIGHT FOR COMMERCIAL MANAGERS

In all segments of commerical operations, survey respondents report a below-average need for managerial hires. The hotel and motel segment reports the lowest need; full service has the most openings.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	$28,550	$27,536	$30,535	$27,669	$30,693	$26,325
Manager*	21,141	17,864	18,714	20,148	19,998	18,915
Asst. manager*	18,406	14,686	17,649	17,413	16,876	18,035
Mgmt. trainee*	14,313	12,623	14,351	15,333	13,962	14,921
Cook**	249	211	202	231	218	228
Dishwasher**	167	156	148	164	151	167

Key: *annually **weekly

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ACTION EXPRESS

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R&I EXCLUSIVE

COVER STORY

AMERICA'S TOP 100 INDEPENDENTS

by Julie Mautner

All year long the pages of *R&I* are filled with stories about people who have overcome the obstacles and distinguished themselves in foodservice. But once a year we set out to pay tribute to an even more select group, the independent operators who have risen to the top, who run those restaurants that people absolutely *love* to eat at and who have made lots of money as a reward. Those who have cut the culinary mustard, if you will.

The Top 100 are nothing if not diverse, and their stories make fascinating reading. Wolfgang Puck knew he wanted to be a chef by the time he was 14 and persevered despite his father's attempts to dissuade him. Joe Baum acted as a consultant to some 300 restaurants before he actually created one for himself. Bob Longhi sold pension plans before buying a restaurant in Hawaii, almost on a whim. Hans Prager's family fled Nazi Germany and Prager worked as a busboy to help the family survive; thus began a lifelong love affair with foodservice.

Just what is an independent, really? And at what point does an independent become a chain? As in years past, we've set the limit at 10 restaurants per person. (This explains why you won't see restaurants owned by mini-chains such as Lettuce Entertain You or Restaurants Unlimited on the list.) We've listed each Top Independent by his single most successful concept.

We have omitted independents who are located in areas with unusually high traffic: theme parks such as EPCOT, casinos, airports, large hotels and other locations where built-in traffic constitutes an unfair advantage. Operators who lease space in small hotels, or who offer lodging as well as foodservice have not been disqualified.

Finally, in order to qualify for this year's Top Independents listing, every restaurant must be at least 1 year old, opened prior to January 1986. Following our four-page chart, which lists the Top 100 by their 1986 sales, are brief profiles of all those restaurants new to our list this year.

Faithful Top Independents followers will find a few omissions in our list of 100. For example, longtime favorites Paul Kovi and Tom Margittai opted not to participate this year. (There are speculations that their venerable New York restaurant, The Four Seasons, might soon be for sale.) Clifton's Brookdale Cafeteria closed for five months in 1986 to allow for "earthquake remodeling" and its sales took a dip.

Those restaurateurs that *are* here represent 21 states and the District of Columbia; they range in age from early 20s to late 70s. They attribute their success to a variety of qualities: patience, determination, creativity, intuition, skill and simple "good karma," yet none would deny that luck has been a major factor. Combined, their sales exceed $615 million.

Join us in our toast to the *crème de la crème*, America's Top 100 Independents for 1986.

Gail and Bob Longhi (l.) at Longhi's. Cesar Gonzmart (r.) at his Columbia Restaurant in Tampa.

RESTAURANTS & INSTITUTIONS

THE TOP 100

Rank	'85 Rank	Restaurant/city/owner	Sales	Opened	Seats	People served/year
1	1	**The Hilltop Steak House** Saugus, Mass. Frank Giuffrida	$26.9MM*	1951	1,300	2,350,000*
2	2	**Tavern on the Green** New York, N.Y. Warner LeRoy	24.9	1934	1,200	710,000
3	3	**Phillips Harborplace** Baltimore, Md. Brice, Shirley, Steven & Olivia Phillips; Paul Wall	15.0	1980	700	540,000*
4	3	**Anthony's Pier 4** Boston, Mass. Anthony Athanas & Family	13.6	1963	370*	600,000
5	5	**Smith & Wollensky** New York, N.Y. Alan Stillman	13.6	1977	400	300,000
6	10	**"21" Club** New York, N.Y. General Felt Industries & Partners	13.0**	1923	725	220,000*
7	7	**Spenger's Fish Grotto** Berkeley, Calif. Frank Spenger Jr. & Frank L. Spenger	12.9	1890	450	1,080,000*
8	9	**The Manor** West Orange, N.J. Harry Knowles & Family	12.4	1957	1,500	400,000
9	—	**Legal Sea Foods** Boston, Mass. The Berkowitz Family	11.3	1980	345	436,800
10	8	**Old San Francisco Steakhouse** Dallas, Texas Henry Reed	11.1	1974	750	504,000
11	10	**The Hard Rock Cafe** New York, N.Y. Isaac Tigrett	11.0	1984	725*	900,000*
12	15	**Old Original Bookbinder's** Philadelphia, Pa. John & Albert Taxin	10.0	1865	800	264,000*
13	12	**The Water Club** New York, N.Y. Michael D. O'Keeffe	10.0	1982	250	140,000
14	14	**Zehnder's of Frankenmuth** Frankenmuth, Mich. Edwin L. Zehnder	9.9	1856	1,300	975,000
15	18	**Kapok Tree Restaurant** Clearwater, Fla. Aaron R. Fodiman & Murray Steinfeld	9.6	1957	1,750	873,727
16	17	**Yesterday's** Fort Lauderdale, Fla. Peter Goldhahn	9.1**	1975	660	340,000*
17	12	**The Russian Tea Room** New York, N.Y. Faith Stewart-Gordon	9.0	1926	290	330,000*
18	—	**Haussner's Restaurant** Baltimore, Md. The Haussner Family	8.9*	1926	880	600,000
19	19	**The Rascal House** Miami Beach, Fla. Norman & Steve Stamler, Arthur Goodman	7.9	1954	425	1,710,000
20	22	**Mai-Kai** Fort Lauderdale, Fla. Robert Thorton	7.8	1956	500	210,000*
21	20	**Columbia Restaurant** Tampa, Fla. Cesar Gonzmart Family	7.6	1905	1,600	515,350*
22	21	**The Berghoff** Chicago, Ill. Herman Berghoff & Family	7.5	1898	700	900,000*
23	22	**Frankenmuth Bavarian Inn** Frankenmuth, Mich. William Zehnder Family	7.0**	1888	1,200	816,000
24	27	**The Hard Rock Cafe** Los Angeles, Calif. Peter Morton	7.0	1982	210	632,000
25	34	**Sardi's** New York, N.Y. S. Lichtenstein, I. Bloch, H. Klaris, L. Loewenthal	7.0**	1921	350	255,000

*R&I estimate **Owner estimate ©1987 *Restaurants & Institutions*, a Cahners publication

RESTAURANTS & INSTITUTIONS

Rank	'85 Rank	Restaurant/city/owner	Sales	Opened	Seats	People served/year
26	—	**Harry Cipriani** New York, N.Y. Arrigo Cipriani	6.8**	1985	80	135,000*
27	24	**Gibby's Steaks & Seafood** Fort Lauderdale, Fla. Donald, Eric & Steven Hersh	6.6	1978	600	400,000
28	—	**The Cliff House** San Francisco, Calif. Dan, Mary & John Hountalas	6.4	1850	301	340,000
29	39	**The Lobster House** Cape May, N.J. Wallace Laudeman	6.35	1940	27	420,000*
30	25	**Junior's Restaurant** Los Angeles, Calif. Bette & Marvin Saul	6.3	1959	238	728,000
31	—	**Longhi's** Lahaina, Hawaii Robert & Peter Longhi	6.2	1976	220	365,000
32	63	**Montgomery Inn Ribs King** Cincinnati, Ohio Ted Gregory	6.2	1951	380	725,000**
33	36	**Ralph & Kacoo's** New Orleans, La. Ralph & Catherine Olinde	6.18	1984	530	400,400
34	27	**15th Street Fisheries** Fort Lauderdale, Fla. Michael Hurst	6.1	1979	250	450,000
35	33	**Kowloon** Saugus, Mass. Bill & Madeline Wong	6.05	1960	1,200	1,095,000*
36	—	**Leona's** Chicago, Ill. The Toia Family	6.0	1950	400	880,000
37	27	**Joe Muer's Restaurant** Detroit, Mich. Joe, Thomas & William Muer	6.0*	1929	420	290,000
38	—	**Joe's Stone Crab** Miami Beach, Fla. Joanne Sawitz & Grace Weiss	5.98*	1913	380	264,000*
39	52	**Rustic Inn Crabhouse** Fort Lauderdale, Fla. Henry Oreal, Wayne Oreal & Wayne McDonald	5.9	1956	525	380,000
40	42	**The Omega Pancake House** Niles, Ill. George Stavropoulos & partners	5.85	1984	400	1,000,000
41	36	**Mike Fink** Covington, Ky. Benjamin Bernstein	5.8	1968	410	250,000
42	26	**Clyde's of Tysons Corner** Vienna, Va. Stewart Davidson & John Latham	5.8**	1963	512	220,000
43	21	**Tangier** Akron, Ohio Edward George	5.75	1955	1,500	210,000
44	51	**Bob Chinn's Crab House** Wheeling, Ill. Robert & Marilyn Chinn	5.5	1983	170	360,000
45	—	**The Ritz** Newport Beach, Calif. Hans & Charlene Prager	5.5	1977	250	150,000
46	48	**The Twin Oaks** Cranston, R.I. Willian DeAngelus Jr.	5.5	1933	550	480,000
47	—	**O'Sheas' Restaurant** Marco Island, Fla. Tom & Delores Shea	5.5**	1976	650	281,000
48	39	**The Angus Barn** Raleigh, N.C. Thad & Alice Eure	5.45	1960	550	220,000
49	—	**Pacific Dining Car** Los Angeles, Calif. Wesley A. Idol II	5.3	1921	185	226,300
50	52	**The Chateau** Waltham, Mass. Louis Novera & Marianne Skerry	5.2	1965	800	650,000

THE TOP 100

Rank	'85 Rank	Restaurant/city/owner	Sales	Opened	Seats	People served/year
51	—	**Tony's** Houston, Texas Tony Vallone	5.2	1965	160	125,000
52	—	**Union Oyster House** Boston, Mass. Joseph, Mary Ann & Mary Milano	5.15	1826	620	100,000
53	—	**Knickers Restaurant** Des Plaines, Ill. Nicholas Mitchell	5.1	1982	1,250	67,600
54	39	**The Nut Tree** Nut Tree, Calif. Edwin & Robert Power; Mary Helen Fairchild	5.1	1921	450	716,000
55	34	**Scott's, Jack London Square** Oakland, Calif. Malcolm Stroud & Martin Newman	5.01	1985	225	254,800
56	—	**Barrett's on Boston Harbor** Charlestown, Mass. Francis & Richard Barrett; Mary Barrett Costello	5.0	1985	395	208,000
57	42	**The Commissary** Philadelphia, Pa. Steven Poses	5.0	1977	100	720,000
58	52	**Pal's Cabin** West Orange, N.J. Donald Horn	5.0	1932	405	150,000
59	—	**The Rattlesnake Club** Denver, Colo. Michael McCarty & Jimmy Schmidt	5.0	1985	480	180,000
60	—	**Spago** Los Angeles, Calif. Wolfgang Puck & Barbara Lazaroff	5.0	1982	160	126,500
61	42	**Christ Cella** New York, N.Y. Richard T. Cella	5.0**	1926	290	128,700
62	42	**Bern's Steak House** Tampa, Fla. Bern Laxer	5.0*	1956	300	218,400
63	42	**Bishop's Restaurant** Lawrence, Mass. Victoria, Charles, Joseph & Abe Bashara	4.9	1949	550	363,000
64	—	**Maxwell's Plum** San Francisco, Calif. Maxwell's International	4.9	1981	600	225,000
65	52	**Sea Watch Restaurant** Fort Lauderdale, Fla. James Edmondson	4.8**	1973	250	300,000*
66	52	**Stars** San Francisco, Calif. Jeremiah Tower & Doyle Moon	4.75**	1984	145	125,000*
67	—	**Pittypat's Porch** Atlanta, Ga. Tony & Stanya Anthony	4.65	1967	300	185,000
68	—	**Carsons, The Place for Ribs** Chicago, Ill. The Carson Family	4.63	1978	170	260,000
69	58	**Café des Artistes** New York, N.Y. George Lang	4.6	1917	107	135,000
70	49	**The Smoke House** Burbank, Calif. Lee Spencer & Pat Heaney	4.58	1946	450	502,000
71	—	**Dixie Bar & Grill** Chicago, Ill. Roger Greenfield	4.5	1985	525	181,000
72	42	**Joe's Pier 52** New York, N.Y. Jane & Cynthia Kipness	4.5	1967	185	140,000
73	63	**Pilgreen's** Morrow, Ga. Rip & Geneva Pilgreen	4.5	1983	500	280,000
74	37	**The Pirate's House** Savannah, Ga. Herb Traub	4.5	1953	600	300,000
75	62	**Warehouse Restaurant** Marina del Rey, Calif. Burt Hixson	4.5	1967	400	198,000*

*R&I estimate **Owner estimate ©1987 *Restaurants & Institutions*, a Cahners publication

RESTAURANTS & INSTITUTIONS

Rank	'85 Rank	Restaurant/city/owner	Sales	Opened	Seats	People served/year
76	58	**Dominique** Washington, D.C. Dominique D'Ermo	4.43	1974	185	182,000*
77	50	**Harris Ranch** Coalinga, Calif. John C. Harris	4.41	1977	535	571,026
78	—	**Weber's Inn** Ann Arbor, Mich. Herman E. Weber	4.41	1937	350	236,000
79	—	**Cricket's** Chicago, Ill. John B. Coleman	4.4	1976	105	74,000**
80	57	**Nick's Fishmarket** Chicago, Ill. Nick Nickolas & Jeff Harman	4.4	1977	160	100,000
81	—	**Seafood Shack Restaurant** Cortez, Fla. Ham Jones	4.3	1972	700	360,000
82	63	**The Coach & Six** Atlanta, Ga. Beverlee Soloff-Shere	4.25**	1962	197	138,600
83	—	**Dakota's** Dallas, Texas Dakota's Club Corp.	4.2**	1984	160	171,600
84	—	**Aurora** New York, N.Y. Joe Baum, Michael Whiteman & Dennis Sweeney	4.1*	1985	120	99,000
85	80	**The London Chop House** Detroit, Mich. Max J. Pincus	4.03	1939	181	100,578
86	63	**Fraunces Tavern** New York, N.Y. Robert & Jacqueline Norden	4.0	1793	400	188,000*
87	78	**The Hampshire House** Boston, Mass. Thomas A. Kershaw	4.0	1969	220	225,000
88	63	**Bookbinders Seafood House** Philadelphia, Pa. Sam & Richard Bookbinder	4.0**	1935	400	300,000
89	71	**El Cholo** Los Angeles, Calif. Ron Salisbury	4.0**	1927	280	330,000*
90	—	**Christo's** Brockton, Mass. Christos & Bessie Tsagamis	3.93	1964	500	660,000
91	—	**The Dan'l Webster Inn** Sandwich, Mass. The Vincent Catania Family	3.9**	1692	300	260,000
92	—	**Arne's Fine Seafood** Boston, Mass. Arne M. Soreide	3.85	1984	220	100,000
93	—	**Manhattan Cafe** New York, N.Y. Laurence Cresci	3.85	1983	260	124,000
94	69	**The Sardine Factory** Monterey, Calif. Ted Balestreri & Bert Cutino	3.83	1968	226	107,000
95	61	**Brown Thomson II** West Hartford, Conn. Jay DuMond & Wallace Ronald	3.8	1985	400	273,000
96	—	**F. McLintocks** Shell Beach, Calif. Bruce Breault & Tunny Ortali	3.8	1973	350	280,000
97	71	**The Down Under** Fort Lauderdale, Fla. Leonce Picot & Al Kocab	3.8**	1968	240	107,000**
98	—	**The Gotham Bar & Grill** New York, N.Y. J. Kretchmer, R. & R. Rathe & J. Bliss	3.8**	1984	144	92,505
99	88	**Las Casuelas Terraza** Palm Springs, Calif. Florencio & Maria Delgado	3.8**	1979	210	265,000
100	69	**Monti's La Casa Vieja** Tempe, Ariz. Leonard F. Monti Sr.	3.74	1956	750	446,800

THE TOP 100

"At the beginning, we hadn't the foggiest notion of how this business worked. We made plenty of mistakes." *—Roger Berkowitz* ■

The following are brief profiles of the restaurants that are new to our list this year.

THE BERKOWITZ FAMILY (9)
Legal Sea Foods, Boston, Mass.

When the Berkowitz Family—Roger, Marc and their father George—opened their first restaurant in 1967, not only did they have no restaurant experience but, says Roger, "No one really cared about seafood. It was fairly unpopular, and we thought we might be filling a niche that didn't exist." But the Berkowitzes' patience paid off and today they have six restaurants, a carry-out seafood store at Logan Airport and a thriving mail-order business.

Known as one of Boston's premier seafood houses, the 345-seat, Columbus Avenue Legal Sea Foods has a menu that includes more than 40 varieties of fresh fish daily. Since 1980, the restaurant has won every reader and editorial board poll of both the *Boston Globe* and *Boston* magazine for "Best Sea Food."

The Berkowitzes' most recent unit opened in Burlington, Mass., in early January. Future plans include more restaurants, expansion of mail-order sales and the rollout of a retail food line.

THE HAUSSNER FAMILY (18)
Haussner's Restaurant, Baltimore, Md.

Born in Bavaria, William Haussner began his chef's training at a young age. In 1925, he came to Baltimore and opened his first restaurant after only a year. He proved a quick-mover in other areas as well: Just three weeks after meeting Frances Wilke, he married her. Frances had arrived in Baltimore from Germany in 1924 and gone into the grocery business with her brother and father. A warm, hard-working woman who relaxes by piloting her own plane and playing the piano, she was William's business partner for 28 years, until his death in 1963. Today Frances is corporate president and still involved in the restaurant's operation.

Haussner's extensive German-American menu features more than 100 entrees, and all items are available for takeout. An in-house bakery supplies the restaurant and a variety of retail outlets in the Baltimore area.

ARRIGO CIPRIANI (26)
Harry Cipriani, New York, N.Y.

For those who love the famous Harry's Bar in Venice, New York's new Harry Cipriani feels just like home. First, there's the decor; the walls covered with soft peach fabric and hung with gold-framed heliographs of Venice. Then there's the furniture; the tables and chairs well below standard height but perfect, proportionally. And there's the clientele, the rich, the beautiful and the famous, plus all the wanna-be's.

The menu at Harry Cipriani closely resembles the original. There's the famous Harry's Bar club sandwich (said to contain half a chicken), the *carpaccio*, the long-strand pasta dishes (because, says one chef, stubby macaronis are not very graceful to eat), the soups, risottos, veal and fish dishes. And to drink there's the $8, peach-nectared champagne Bellini, invented at Harry's Bar.

Owner Arrigo Cipriani is the son of Giuseppe Cipriani, who founded Harry's Bar in Venice in 1931 with an American named Harry Pickering. While there are other Harry's Bars around the globe, none other is in any way connected with the original.

DAN, MARY & JOHN HOUNTALAS (28)
The Cliff House, San Francisco, Calif.

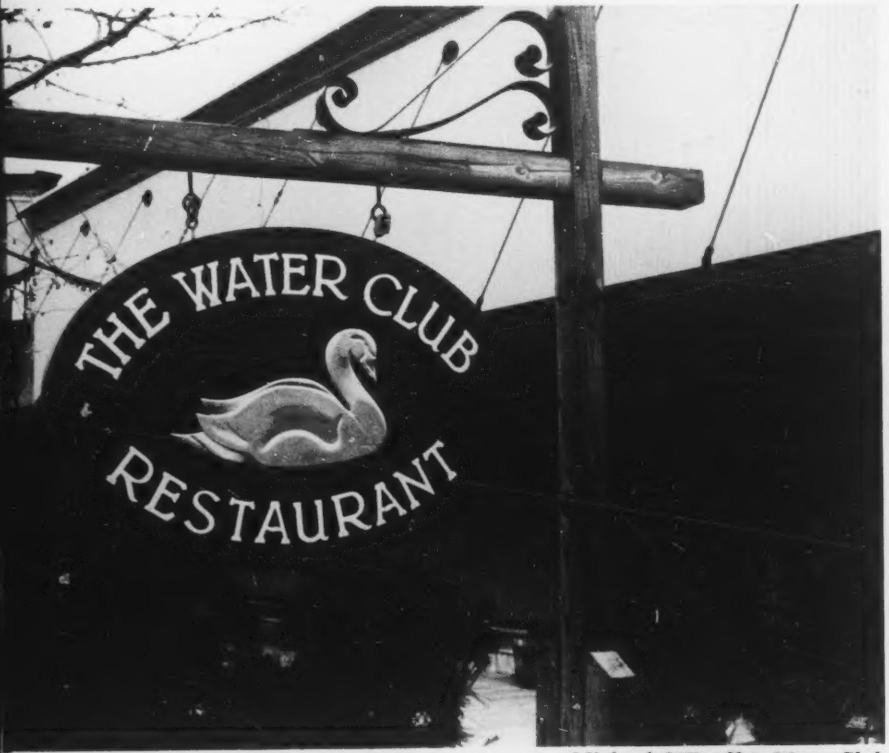
The Cliff House has been around since 1850, located in the same building since 1909. Husband and wife Dan and Mary Hountalas, and Dan's brother, John, have run it since 1973. With its view of the Pacific Ocean, the restaurant attracts both tourists and locals. Mary describes the atmosphere simply as "upbeat without being trendy."

Michael Hurst, 15th Street Fisheries

Specializing in seafood, the Cliff House's three different menus (downstairs, upstairs lunch and upstairs dinner) incorporate plenty of old favorites—swordfish, prawns, scallops, salmon, snapper—and a number of more distinctive items such as squid steak, deviled crab in casserole and curried shellfish. The $16.75 "Fish Lover's Feast"—shrimp, oysters, fillet of sole, clams and jumbo prawns—is a perennial favorite, as is the chef's special prawns with feta cheese.

ROBERT & PETER LONGHI (31)
Longhi's, Lahaina, Hawaii

In Lahaina, on the northwestern shore of Maui, Bob Longhi and his son Peter run a restaurant with $6.5 million in annual sales and a whopping 15% bottom line. They serve 1,000 people a day, getting rave reviews from custom-



Michael O'Keeffe's Water Club

ers and the press. When asked the secret to his success, Bob Longhi says, "I created the kind of restaurant that I love to eat in. I guess we've just got good karma."

Longhi grew up in Glen Falls, N.Y., went to Cornell, then on into the insurance business in New York and Washington. Soon he had his own business, selling pension plans to cities and counties. He had a six-figure salary, a life membership in the Million Dollar Roundtable, considerable real estate holdings and a home in fashionable Georgetown. Then in early 1976, he rewarded some employees with a trip to Hawaii where he happened into a Greek restaurant and asked the owner if he knew of anything for sale in the area.

A number of restaurants made our list after just one year in business: Harry Cipriani, Dixie Bar & Grill, Aurora. ■

"This place," was the reply, and within 24 hours, Longhi had decided to buy.

Longhi's has earned its reputation for fresh seafood and wonderful Italian dishes (many of the recipes are Bob's own) but also for Bob's somewhat unorthodox management style. His restaurant has no printed menu because Longhi *hates* being seated in a restaurant, looking at the menu and being told the kitchen is out of what he wants. He trains his staff rigorously and holds them in the highest regard, offering them a generous profit-sharing plan after just one year and an open invitation to eat at Longhi's at anytime for half-price. His dog Freddy is allowed to roam freely throughout the restaurant, which he designed without sharp angles because softly rounded curves are "healthier for the psyche." Longhi absolutely abhors pretension, and treats strangers and celebrities with equal respect. "Come in dressed anyway you want, and we'll treat you like you're wearing a tuxedo," he says. "I'm so tired of restaurants with poor food, high prices and snooty waiters. If you treat people the way you want to be treated and do the things you'd like to have done for you, you can't go wrong."

Which state has the most Top Independents? California, with 18. New York comes next with 15. Florida has 13. ■

THE TOIA FAMILY (36)
Leona's, Chicago, Ill.

Take a walk into the back room at Leona's and long before you see the phones, you'll hear them ringing. There are 20 of them and they ring all day, until 1 a.m. on weekdays and 2:30 a.m. on weekends. On a typical Friday, Leona's phones will ring about 1,200 times, from hungry Chicagoans placing orders for pasta, salads, sandwiches and most often pizza—thin, pan, double-deck, stuffed or on a whole-wheat crust. There are 100 delivery people on call at Leona's, and delivery accounts for approximately 65% of the restaurant's $6 million in sales.

It all began in 1950 when Leona Toia first opened her restaurant on Chicago's Belmont Avenue. (She later moved to the current location on North Sheffield.) Today, she runs the 400-seat operation with her son-in-law Ben and her grandsons Leon and Sam.

JOANNE SAWITZ & GRACE WEISS (38)
Joe's Stone Crab, Miami Beach, Fla.

One of the oldest restaurants on the

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Herman Weber, Webers Inn

THE TOP 100

The Dan'l Webster Inn dates from 1692—it's 295 years old! The Fraunces Tavern opened in 1793; The Union Oyster House in 1826. ■

Gold Coast—it opened in 1913—Joe's has become a legend and an inspiration to seafood houses everywhere. The savvy know to order the cold crab with mustard dipping sauce, the low-priced fried oysters, the creamed spinach and fried potatoes. They also know to arrive early or late to avoid the sardine syndrome: Joe's has only 380 seats and the maître d' really packs 'em in. (No reservations are accepted.) Joe's is open only during stone crab season: mid-October to mid-May.

HANS & CHARLENE PRAGER (45)
The Ritz, Newport Beach, Calif.

When Hans Prager was a young boy, his family fled Nazi Germany, but not before his father spent time at Buchenwald. The family got out safely in 1939 and settled in a refugee area of Shanghai. Prager found work as a busboy to help support the family. After his father and grandfather died, Prager moved to Los Angeles and got a job as a vegetable prep man at the restaurant Scandia.

In 1959, he joined Lawry's as executive chef and rose to the position of general manager of Lawry's specialty restaurant division. During the next seven years Prager opened a number of his own restaurants, including The Ritz on Balboa Peninsula in 1977. The restaurant moved to its location in Pacific Mutual Plaza in 1982.

With a traditional, continental menu, the Ritz appeals to an affluent clientele. Prager attributes the restaurant's success—$5.5 million in annual sales—to two lessons learned early in his career. "At Scandia, the emphasis was on *how* to do everything—how to select, prepare and serve fine meals," he says. "At Lawry's, I learned the *whys* of the business—why it's important to make your customers' dining experience a pleasure in every respect."

The "21" Club, New York

TOM & DELORES SHEA (47)
O'Sheas' Restaurant, Marco Island, Fla.

As a teenager, Tom Shea worked on the boardwalk in Wildwood, N.J., at a restaurant called Groff's. "It was a high-volume place and I did a lot of cooking because most of the men were off in the war," he says. Shea was then offered a scholarship to Cornell, but "never thought the restaurant business would become a career." He worked in the heating and air conditioning business for 25 years, then "retired" to Marco Island where he bought a small, 74-seat restaurant. The Sheas bought the O'Sheas' complex in 1975.

Delores Shea is described by her husband as "a loving wife and mother of five" before being bitten by the restaurant bug. Then, "she suddenly found a new field and loves it," he says. "She went from being an introvert to a real extrovert."

O'Sheas' offers casual dining in an elegant, waterfront setting—indoors or out. The 35-entree, reasonably-priced menu offers a large selection of seafood as well as beef, veal and poultry. A complete fresh seafood market is located on the premises.

WESLEY A. IDOL II (49)
Pacific Dining Car, Los Angeles, Calif.

In 1921, Fred Cook was an aspiring young tenor, an understudy of the great Caruso. Fred planned to make the opera his career, but when his voice failed early, he and his wife Grace left the East and headed for California. In Los Angeles, Fred and Grace built a replica of a dining car, inspired by a remodeled dining car/restaurant they had loved in New York. They made sure it had steel wheels (so it could easily be moved from one location to another) and rented a site, moving their restaurant to its home "in the dead of night" to avoid traffic. The Pacific Dining Car soon became one of the most popular dining spots in the area. In 1923, the dining car was rolled Uptown to 6th and Witmer, where it stands today.

You don't need precious prices to make* beaucoup *bucks. Ten of our Top 100 have dinner check averages of $10 or less. ■

Hungry patrons at The Union Oyster House consume 80 gallons of New England clam chowder and 1,500 oysters a day. ■

Jimmy Schmidt, The Rattlesnake Club

Fred and Grace's daugther Virginia and her husband Wes Idol purhased the restaurant in 1960; their son, Wes Idol II, purchased it from his mother in 1975. In 1981, the restaurant began serving 24 hours a day: breakfast, brunch, lunch, dinner, late supper and afternoon tea. Today the menu includes everything from pancakes to prime rib, and the wine list, some 300 labels. Dinner checks average $32 a person.

MARY ANN & JOSEPH MILANO (51)
MARY MILANO
The Union Oyster House, Boston, Mass.

Although no record has been found of when the structure was actually built, the building that houses The Union Oyster House has stood sturdily on Boston's Union Street, a major local landmark, for more than 250 years. It is the oldest restaurant in Boston and one of the oldest restaurants in continuous operation in the country.

The Atwood & Bacon Oyster House,

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STRENGTH IN NUMBERS

Many of our Top Independents own more than one restaurant. Below are some of these multi-unit operators, with a list of their other restaurants and a 1986 sales figure for each.

Warner LeRoy (#2)
Maxwell's Plum, New York ($7*) . . . *Potomac on the River,* Washington, D.C. ($10*)

Brice, Shirley, Stephen & Olivia Phillips; Paul Wall (#3)
Phillips Crab House, Ocean City, Md. (n/a) . . . *Phillips by the Sea,* Ocean City, Md. (n/a) . . . *Phillips Seafood House,* Ocean City, Md. (n/a) . . . *Phillips Waterside,* Norfolk, Va. ($5.3) . . . *Phillips Flagship,* Washington, D.C. ($9.1 projected)

Alan Stillman (#5)
The Manhattan Ocean Club, New York ($5.1) . . . *The Post House,* New York ($3.0) . . . *T.G.I. Friday's,* New York ($2.0)

The Berkowitz Family (#9)
Legal Sea Foods, Boston, Chestnut Hill ($10.2) . . . *Legal Sea Foods,* Cambridge, Mass. ($7.0) . . . *Legal Sea Foods,* Worcester, Mass.($2.6) . . . *Legal Sea Foods,* Logan Airport ($1.1)

Issac Tigrett (#11)
The Hard Rock Cafe, Dallas ($6.0) . . . *The Hard Rock Cafe,* London ($6.0) . . . *The Hard Rock Cafe,* Stockholm, Sweden (franchised) . . . *The Hard Rock Cafe,* Tokyo (joint venture)

Michael D. O'Keeffe (#13)
The River Cafe, New York ($5.2) . . . *Cafe Grand Central,* New York ($1.1) . . . *Herb McCarthy's Bowden Square,* Southhampton, N.Y. ($1.0)

Aaron Fodiman & Murray Steinfeld (#15)
Kapok Tree Restaurant, Madeira Beach, Fla. ($3.6) . . . *Kapok Tree Restaurant,* Fort Lauderdale, Fla. ($3.9)

Cesar Gonzmart Family (#21)
Columbia Restaurant, Sarasota, Fla. ($7.4) . . . *Columbia Restaurant,* St. Augustine, Fla. ($3.5) . . . *Columbia Restaurant,* Tampa ($2.5*)

Peter Morton (#24)
The Hard Rock Cafe, Chicago ($7.75) . . . *The Hard Rock Cafe,* San Francisco ($7.0) . . . *The Hard Rock Cafe,* Houston ($6.5)

Ralph & Kacoo Olinde (#33)
Ralph & Kacoo's, Baton Rouge, La. ($6.5*) . . . *Ralph & Kacoo's,* Baton Rouge, La. ($3.9) . . . *Ralph & Kacoo's,* Metairie, La. ($3.2) . . . *Ralph & Kacoo's,* Bossier City, La. ($3.8)

Benjamin L. Bernstein (#41)
Benjamins, Cincinnati ($1.35) . . . *Shirley's,* Cincinnati ($900,000) . . . *El Greco,* Southgate, Ky. ($1.6) . . . *BB Riverboats,* Covington, Ky. ($3.2) . . . *Crockett's River Cafe,* Newport, Ky. ($4.5 projected)

Francis & Richard Barrett, Mary Barrett Costello (#55)
Teel's Cabin, Abington, Mass. ($2.5) . . . *The Edmund Fitzgerald,* Quincy, Mass. ($2.2) . . . *Amelia's,* Quincy, Mass. ($1.0) . . . *Checker's Cafe,* Canton, Mass. ($2.0) . . . *Plumbley's,* Amherst, Mass. ($1.2) . . . *The Charlie Horse,* Kingston, Mass. ($1.2) . . . *The Charlie Horse,* Wareham, Mass. ($400,000) . . . *The Charlie Horse,* Lynn, Mass. ($650,000) . . . *The New Gazelle,* Quincy, Mass. (n/a)

Tony Vallone (#60)
Anthony's, Houston ($3.7)

Roger Greenfield (#71)
The American Grill, Glenview, Ill. ($2.0) . . . *The Coyote Grill,* Chicago ($2.7) . . . *Cucina Cucina,* Chicago ($3.0) . . . *The Diner,* Glenview, Ill. ($1.8)

Alan Stillman's Manhattan Ocean Club

THE TOP 100

Late in '86, The "21" Club got a new chairman and a new female chef. In early '87, it got a new menu and a new color scheme. ■

with its fabled semi-circular oyster bar, opened in 1826. It was at this bar that Daniel Webster stood each day eating three dozen oysters and washing them down with a tall tumbler of brandy and water. Today, the restaurant is run by brother and sister Joseph and Mary Ann Milano, and their mother Mary.

With its comfortable, family-style atmosphere, The Union Oyster House appeals to tourists and locals alike, and waits can approach two hours. (Reservations are not accepted.) And few are daunted by the Milanos simple dress code: "Wear anything you want, as long as you wear something."

NICHOLAS MITCHELL (52)
Knickers, Des Plaines, Ill.

Located in a northwest Chicago suburb, the 1,250-seat Knickers features many different atmospheres under one roof: formal dining room, garden room, ballroom, retail pastry shop, a private executive dining room and an outdoor cafe, where Knickers held whitefish boils for the first time this summer. In Knickers' main dining room the decor is Roaring '20s, and the specialties are 1-pound steaks and fresh seafood.

Knickers never stops evolving. In 1983, Mitchell added off-premises catering. In 1985, he realized the demand for his wonderful desserts and breads and added an off-premises baking division to serve local hotels and Knickers' catering operation. Today, catering accounts for $800,000 a year, and the retail bakery, another $35,000.

THE BARRETT FAMILY (55)
Barrett's on Boston Harbor, Charlestown, Mass.

In business together for 14 years, Francis Barrett, his son Richard and his daughter Mary Barrett Costello have built or bought 10 Massachusetts restaurants in that time. Barrett's on Boston Harbor, their most successful concept to date, opened in March 1985. Barrett's is a luxurious restaurant filled with Italian marble and brass, boasting a panoramic view of Boston Harbor and the U.S.S. Constitution. The menu features a wide range of items—poultry, steaks, prime rib, veal—with an emphasis on seafood. Barrett's serves lunch and dinner seven days, and an $11.95 Sunday brunch.

(L. to r.) Roger, George and Marc Berkowitz, Legal Sea Foods

MICHAEL McCARTY (58)
JIMMY SCHMIDT
The Rattlesnake Club, Denver, Colo.

Michael McCarty says he and Jimmy Schmidt decided to open their Rattlesnake Club in Denver because the city was ready for "the big time," and indeed it was. Serving 3,500 people a week, The Rattlesnake racked up $5 million in sales its first year.

McCarty and Schmidt seem unlikely partners. McCarty, who trained in France and opened Michael's in Santa Monica in 1979, is considered one of the founding fathers of California cuisine. He is gregarious and outgoing, with an infectious *joie de vivre* and a quick, ingratiating smile. Schmidt was born in Champaign, Ill., trained in France and Boston. Reserved and soft-spoken, he was the executive chef at Detroit's London Chop House for eight years prior to opening the Rattlesnake.

The three-tiered Rattlesnake is located in a renovated 19th-century brewery; cast-iron columns and vast copper vats blend beautifully with paintings by David Hockney and Roy Lichtenstein. Using such disparate elements as copper, glass, ebony, Italian marble and Southwestern turquoise, designer Henry Beer created a decor that is both playful and elegant.

Schmidt scours the country for the freshest, highest-quality ingredients possible, and his menus indicate a culinary imagination run wild. Denver's dining public adores the results: buffalo *carpaccio*; calamari rings with green chili mayonnaise and shark with papaya; ragout of snails with black beans; lamb chili with papaya, avocado and goat-cheese cream; and grilled lamb with cactus tortilla. For dessert, there's chocolate tequila ice cream and Schmidt's signature dessert, white chocolate ravioli.

Buoyed by their success, Schmidt and McCarty now are looking for other "great architectural sites" to build more Rattlesnakes. Plans are under way for restaurants in Detroit, New York,

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To the N.Y. Hard Rock's $11 million in sales, add another $4 million in Hard Rock clothing: T-shirts, sweatshirts, jackets, hats. ■

THE TOP 100

Jesse's Landing

GREAT EXPECTATIONS

Below is a list of some restaurants opened since January 1, 1986, that are likely to make our list next year.

Jesse's Landing, Seminole, Fla. Opened in March 1986 in a large Victorian mansion on Long Bayou, Jesse's Landing specializes in fresh local seafood, steaks and prime rib.

Ralph & Kacoo's, Baton Rouge, La. The newest of Ralph & Kacoo's five restaurants opened in June 1986. Serving Southern and Cajun-style seafood, the 660-seat restaurant is expected to gross $6.5 million its first year.

Le Bernardin, New York. The brother and sister team of Maguy and Gilbert Le Coze has captured Manhattan's fancy with their intimate restaurant in the Equitable Center on West 51st Street. Opened in late January 1986 with just 100 seats, Le Bernardin serves a *prix fixe* lunch ($35) and dinner ($55.)

Potomac-on-the-River, Washington, D.C. A large glittering restaurant opened at the edge of Georgetown in August by Warner LeRoy. Sales for Potomac's first year are expected to be "in excess of $10 million."

The Cadillac Bar, New York. Opened in July by Ken Newman (who also operates the $3.5 million Cadillac Bar in Houston) and partners Greg and Carol Wallace.

Twenty-Twenty, New York. Opened in June by Robert Ochs and the musical duo Ashford and Simpson, the restaurant, which cost close to $2 million to build, has a regional American menu and state-of-the-art sound/video system.

Washington, D.C., and possibly San Francisco and Newport Beach, Calif. "The menus will all be based on climate and local ingredients," Schmidt says. "Each will look different, but they'll all be Rattlesnakes, and all will share the same concept: Great dining should be fun and exiting."

WOLFGANG PUCK (59)
BARBARA LAZAROFF
Spago, Los Angeles, Calif.

In a recent profile of Wolfgang Puck, *USA Today* said: "He's hotter than a jalapeño corn muffin, cooler than grapefruit tequila sherbet and richer than lobster ravioli."

Puck (most call him Wolf) was born in Austria, the oldest of four children. His mother was a hotel chef, and although his stepfather frowned on his culinary ambitions, Puck entered hotel school at age 14. At age 19, he became an apprentice at the three-star L'Oustau de Baumanière in Les Baux-de-Provence, then went on to work in Monaco, Paris, New York and Indianapolis before landing in Los Angeles in 1975. As chef at Ma Maison, he gained something of a cult following.

In 1979 Puck met Barbara Lazaroff in a disco and the couple decided to buy a run-down Russian-Armenian restaurant on Sunset Boulevard. While Puck envisioned Spago (Italian slang for pasta) as a cozy, neighborhood bistro, the harbinger of Spago's good fortune came on opening night when 21 Rolls-Royces rolled into the parking lot and the owners had to turn away scores of would-be diners. Six years later, Spago still is one of the city's most star-studded and lucrative restaurants, LA's home for the rich and famished. Reservations are necessary weeks—and often months—in advance, and the only real complaint ever heard about Spago, which serves dinner only, is that it is just too hard to get into. "I could have worse problems," Puck says with a smile.

George Lang, Café des Artistes

Restaurants often become known for one particular item. At Spago, it's pizza. At The Russian Tea Room? Blinis, of course. ■

The Write Stuff: Tony Vallone, Wolfgang Puck and Jeremiah Tower all published successful cookbooks this year. ■

Born and raised in the Bronx, Lazaroff started college at age 16. Unlike her husband, whose career goals were well-defined, Lazaroff studied theater, art, dance, biology, psychology and chemistry before abandoning her goal of becoming a doctor and beginning a career in interior design. While Puck mans the wide-open kitchen, the outspoken and flamboyant Lazaroff plays the ebullient table-hopping hostess.

These days, Puck and Lazaroff have their hands full. They run both Spago and their newer Chinois on Main together, and Puck serves as a menu consultant to a number of hotels. He has also been touring to promote his newest cookbook, "The Wolfgang Puck Cookbook: Recipes from Spago, Chinois and Points East and West" (Random House, $19.95). A line of Wolfgang Puck frozen gourmet desserts was rolled out late last fall, and pizzas are still to come.

TONY VALLONE (60)
Tony's, Houston, Texas

Tony Vallone is a man who likes his food to speak for itself. On his Top Independents questionnaire, he left blank the spaces for "Landmark dates," "Owners background," and "Restaurant description." When it came time to describe his clientele, he did so only by saying

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THE TOP 100

Hello Deli: The Rascal House and Junior's have the two lowest dinner check averages: $5.50 and $6.25 respectively. ■

"Upper income and Yuppies." So we did a little digging, and what we found was this:

Tony's is the kind of restaurant where people go when they want a *very* special evening. Tony's food is a combination of the traditional and the improvisational; many of the recipes are Vallone's own. With claret-colored walls, starched white linens and fresh flowers on every table, Tony's dining room has been described as "one of the most beautiful in America."

Born and raised in Houston, Vallone is an intensely private person, shy and soft-spoken. But in the dining room he found his element, and he is the consummate host. ("You must be a choreographer to run a restaurant," he has said.) His first teacher and chief culinary influence was his paternal grandmother, Maria Aiello Vallone, who cooked for two restaurants and catered, all from her home kitchen. Vallone remembers that kitchen as "a kind of church and marketplace and workshop all in one room." It was a kitchen where no shortcuts were allowed, and it was here that he learned "Make it right, or don't make it."

Tony's food is elegant and somehow humble at the same time. The menu is a successful blend of *haute cuisine*, traditional entrees, "heart-healthy" dishes and surprisingly plain, homey foods such as Texas red chili, turkey with old-fashioned dressing and chicken-fried steak (which was originally listed on the menu as *Côte de Veau à la Crème*.) The expansive wine list has a special "indulgence" section of wines priced $250 and up.

MAXWELL'S INTERNATIONAL INC. (64)
Maxwell's Plum, San Francisco, Calif.

Built in 1981 at a cost of $7 million, this 650-seat restaurant appeals to tourists, locals and celebrities alike, with a continental menu and a commanding view of the bay, including Alcatraz Island. Executive Chef Hubert Henri creates two luncheon and two dinner specials daily: steaks, seafood, pasta and wild game.

Located in historic Ghirardelli Square, Maxwell's has six dining rooms, each with a different atmosphere, and 475 pots of fresh flowers that are changed every week. Warner LeRoy, who owns Maxwell's Plum in New York, designed the entire restaurant but is no longer affiliated with the operation.

THE CARSON FAMILY (68)
Carson's, The Place For Ribs, Chicago, Ill.

Carson's is the third successful restaurant concept for 70-year-old Chris Carson Sr. During the '40s and '50s he operated Peter Pan's Hamburgers; then came a string of private clubs called Millionaires Clubs. While Carson Sr. is semi-retired, sons Chris Jr. and Dean, daughter Donna and her husband Nick Giannis run the family's five restaurants, which Carson Jr. describes as "upscale rib shacks."

"Carsons is loud, fast-paced and fun," he says. "If you want great food and lots of it at reasonable prices, we're for you." Checks average $9 at lunch and $16.75 at dinner.

The largest of all the Carsons, the 170-seat Wells Street location opened in 1978. In 1982, the Carsons expanded to create a separate carryout store with a conveyorized link-up to the kitchen.

ROGER GREENFIELD (71)
Dixie Bar & Grill, Chicago, Ill.

In 1984, Roger Greenfield returned from the West Coast and gave Chicagoans a taste of California cuisine at The American Grill. Then, in September 1985, he set his sights on the city's burgeoning River North neighborhood and gave Chicago a big, boisterous bistro devoted to Cajun cooking called The Dixie Bar & Grill. With live jazz nightly and authentic renditions of Cajun classics such as jambalaya, bouillabaisse, gumbo and sweet potato pie, Dixie quickly became one of Chicago's hottest spots.

The 1,750-seat Kapok Tree is the largest restaurant on our list. Harry Cipriani is the smallest, with seating for just 80 people. ■

WOLFIE COHEN'S
RASCAL HOUSE
RESTAURANT
SANDWICH SHOP
COCKTAILS
TEAMWORK IS GREAT
YOU KNOW THAT
SOMEONE IS ON
YOUR SIDE

The Rascal House, Miami Beach, Fla.

What has set Dixie apart from its Cajun counterparts around the country, however, is staying power: The restaurant remains extremely popular while others have disappeared. Crowds complain about the waits of up to two hours yet clamor to get in all the same.

Dixie seats 525 people, with checks averaging $17 at lunch and $23 at dinner. A 200-seat banquet room was added this fall, and Greenfield estimates first year banquet sales of $1 million.

HAM JONES (81)
Seafood Shack Restaurant, Cortez, Fla.

A Florida native with a degree in mathematics and physics, Ham Jones put in five years at IBM at NASA's Cocoa Beach missile test range, and three years at the Manned Spacecraft Center in Houston before he succumbed to his *real* ambition and decided to open a restaurant.

Using savings, primarily in the form of IBM stock, Jones bought a neglected marina on the Intracoastal Waterway. He then approached 19 different banks and was summarily turned down by all. Finally, Jones found a bank who agreed to lend him $150,000, and the Seafood Shack was born. Its first year, the restaurant had 15 employees, 150 seats and sales of $560,000. Today, employees number 200, and yearly sales total $4.3 million.

A casual, waterfront seafood restaurant, the Seafood Shack boasts of courteous service, cleanliness and reasonable prices (checks average $8 at lunch and $13 at dinner) as well as a breath-

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At the Frankenmuth Bavarian Inn, the Zehnders serve 325 tons of chicken a year. A chicken dinner costs $9.95. ■

taking view of the sunset over Sarasota Bay. Docking facilities are available for boats of up to 70 feet. And although the Seafood Shack often serves 2,000 people a day in season, Jones still considers his restaurant a "small, independent operation."

DAKOTA'S CLUB CORP. (83)
Dakota's, Dallas, Texas

In a city of soaring skyscrapers, a successful restaurant exists because someone had the good sense to look down. Dakota's, opened in December 1984, is located beneath a busy Dallas street, opposite the Lincoln Property Co's. Lincoln Plaza. An underground pedestrian tunnel connects it to the 45-story office building.

While Dakota's menu is not unusually large, it does include something to satisfy every craving: steaks, fresh fish, pasta, veal, large salads, burgers, chili, wild game and a variety of daily specials, most of them grilled over native woods. Dakota's was designed with the business customer in mind and management promotes a 25-minute luncheon turnaround time.

The decor at Dakota's is warm and clubby, with gas-fed wall sconces, ceiling fans, old-fashioned tavern chairs and a hand-cut marble floor. Beyond the large French doors, Dakota's has an 1,800-square-foot patio.

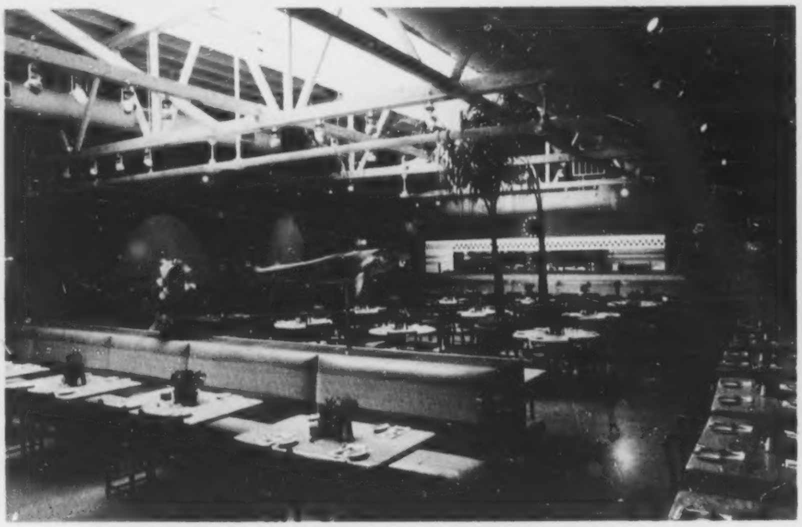
JOE BAUM, MICHAEL WHITEMAN (84)
DENNIS SWEENEY
Aurora, New York, N.Y.

Having masterminded such well-known Manhattan restaurants as Windows on the World and The Four Seasons, Joe Baum felt it was time to create a place for himself. The result is Aurora, a striking restaurant named for the goddess of dawn. Writing recently in *Travel & Leisure* magazine, fellow Top Independent George Lang said of Aurora: "If you visit only one New York restaurant in 1986, this should be it."

Baum was raised at his parents' kosher hotel in Saratoga, N.Y. He was with Restaurant Associates from 1953 to 1970, when he left to form the Joseph Baum Co., a consulting firm that he still runs. With Aurora, his goal was a restaurant that would combine old world elegance and sophistication, one that would attract the city's "power" elite with a club-like atmosphere during the day and magically transform itself into a romantic destination at night. Most importantly, Baum wanted Aurora to be every bit as appealing to women as it is to men. He and partners Whiteman and Sweeney (who also are partners in the Joseph Baum Co.) turned to architect Philip George and graphic designer Milton Glaser for help.

Aurora might very well be one of the most meticulously designed restaurants in history. Baum and Glaser overlooked no detail, from the silver salt-and-spice cellars to the matchbooks. Take the upholstery, for instance: The team rejected close to 100 concepts before deciding on the butter brown, glove-leather for their chairs and banquettes. At Aurora the masculine darkness of the wood-paneled walls is offset by the whimsical, pale pink lamps that float like bubbles above the dining room, and the gracefully curving pink granite bar.

Parisian Chef Gerard Pangaud changes the menu daily, emphasizing fresh, seasonal ingredients and graceful, elegant presentations. He describes his food simply as "cuisine of the heart." Recent dinner offerings include a mixed grill of baby chicken, squab and quail with fried shoestring potatoes; sautéed sweetbreads with truffled potatoes; and baked salmon in a horseradish crust. Checks average $40 at lunch and $60 at dinner.


Dixie Bar & Grill, Chicago

1986 was Anthony Athanas' 62nd year in foodservice. Frances Haussner is a 60-year vet; Herman Weber has been at it 50 years. ■

CHRISTOS & BESSIE TSAGANIS (90)
Christo's, Brockton, Mass.

Christos Tsaganis built his business on basics: a "warm hello" and a "glad you came," ample portions, hearty food and fast service. Tsaganis, now 60 years old, immigrated from Greece to Massachusetts. After marrying Bessie, the two started a little luncheonette in Brockton. By 1964 they were so successful that they opened Christo's—a 115-seat restaurant that today has 500 seats, five dining rooms and a lounge, all in 18,000 square feet. Prices at Christo's are low ($5 at lunch, $10 at dinner) and volume is high; close to 13,000 people are served each week. The menu is Greek-American: charbroiled souvlakia, shrimp, large salads, roast beef,

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THE TOP 100

By our best estimate, The Hilltop Steakhouse serves 2.3 million people each year. The Rascal House serves 1.7 million. ■

fried chicken, baked lamb, Virginia ham and pizzas. The family opened Christo's Two in 1976; Bessie runs that unit while Christos runs the original.

ARNE SOREIDE (92)
Arne's Fine Seafood, Boston, Mass.

Born in Bergen, Norway, Soreide went to work for Scandinavian Airlines' catering division in Oslo at age 18. He went on to a number of food and beverage positions at The Brock Hotel Corp., returned to Scandinavian Airlines to set up a foodservice division in Oslo, then returned once again to Brock. In 1982, Soreide came to Boston to manage a group of restaurants at Quincy Market. He opened Arne's in May 1984.

Located in Boston's Copley Place, a successful retail complex, Arne's is an upscale seafood house with a Scandinavian decor. Arne's extensive seasonal menus offer close to 20 fresh fish daily, plus a number of special entrees such as shrimp saganaki, baked squid provencal and tuna peppercorn steak. Arne's oyster bar, open from 11 a.m. to midnight seven days, recently was expanded to seat 212. Soreide opened his second Arne's in Hartford, Conn., in February.

BRUCE BREAULT & TUNNY ORTALI (96)
F. McLintock's Saloon & Dining House, Shell Beach, Calif.

Housed in a former "gambling and pleasure saloon," the 350-seat McLintock's is an easy-going, family-style restaurant specializing in large, aged steaks and ribs, barbecued in an oak wood pit. In creating the Western-style decor, the owners retained a number of artifacts from the building's earlier and wilder days, such as swinging saloon doors, crap tables, horseshoes and branding irons. Located in an area of Pismo Beach, Calif., McLintock's prides itself on consistent food quality, good value (lunch checks average $5; dinner checks, $14.50) a lively yet relaxing atmosphere and a splendid ocean view.

Grilled pigeon breast with huckleberry sauce at Spago.

When owners Breault and Ortali found that their customers would love to eat McLintock's food *outside* the restaurant, they started offering three products for retail sale—salsa, Trail Camp beans and barbecue sauce. Available in grocery stores around the state, these products generate an additional $550,000 in revenue annually.

JEROME KRETCHMER, (98)
RICHARD RATHE, ROBERT RATHE,
JEFF BLISS
The Gotham Bar & Grill, New York, N.Y.

Opened in March 1984, The Gotham Bar & Grill got off to a slow start. While the customers loved the fanciful, post-modern decor, the food received only fair reviews. So the owners brought in Chef Alfred Portale, a Culinary Institute of America graduate who had finished first in his class and received the coveted "Most Outstanding Student" award. Before joining the staff of the Gotham, Portale had worked with some of France's best-known chefs: in Eugenie-les-Bain with Michel Guérard, with the Troisgros Brothers in Roânne, with Jacques Maximim in New York.

Portale had the touch that Gotham needed, and the restaurant took off. *The New York Times* awarded it three stars, praising its visually dazzling dishes and impressive culinary consistency.

Portale's repertoire centers on sautées and grills. He changes the menu every two to three months. "I am a conservative in cooking," he says. "No wild experiments just to be different." With checks averaging $30 at lunch and $46 at dinner, The Gotham caters to an upscale clientele. But, says Manager J. Scott Carney, "We give tremendous quality . . . We're a very good value for a three-star restaurant."

Kretchmer, Rathe, Rathe and Bliss were restaurant neophytes when they opened the Gotham. Kretchmer, a former state legislator and city sanitation commissioner, now is a real estate developer; Bliss is his partner. The Rathes operate a successful interior design and display company.

The Hilltop Steakhouse has a retail butcher shop on-premises that sells an estimated $17.1 million worth of beef each year. ■

OPERATOR OFFERINGS

Mushroom Lover's Dream

The giant puff mushroom, with an average weight of 6 pounds, is a light appetizer at Spiaggia.

Giant puff mushrooms, usually found in the forests of Oregon, as well as the Cascade Mountains in Washington, are now found on Spiaggia's menu in Chicago.

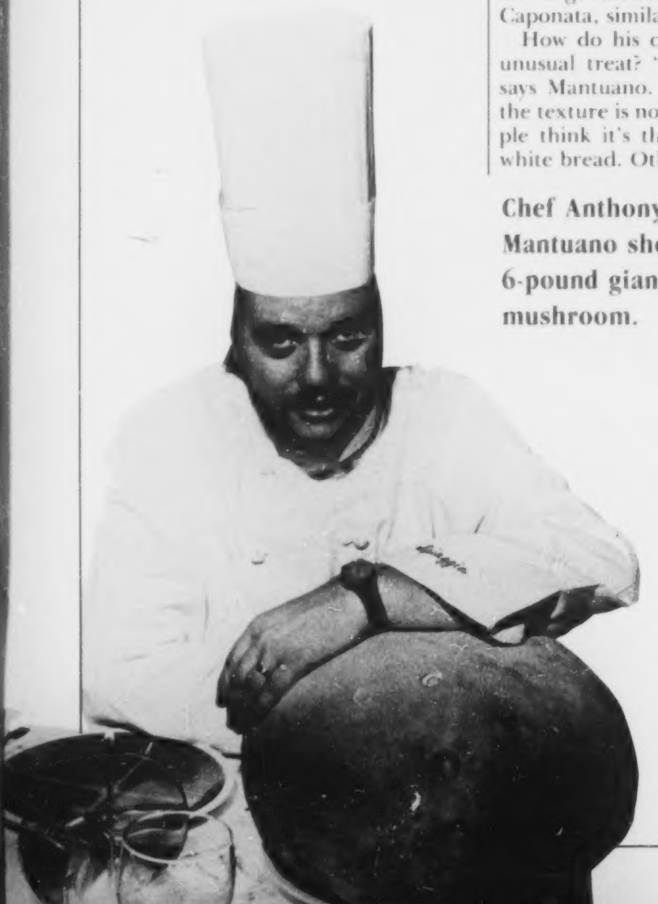
Chef Anthony Mantuano describes the first giant puff mushroom he received. "I carved it into 1-inch steaks," Mantuano says. "Then I lightly charcoal-grilled it and dressed it with extra virgin olive oil. When the mushroom is grilled it marks like a swordfish. I added a little fresh lemon juice, rosemary and crushed black peppercorns." Mantuano sells this dish as an appetizer for $6.95.

Mantuano has found a local supplier of these mushrooms, who finds them in forest preserves and other locales throughout Northeast Illinois. The season for giant puff mushrooms is short, usually lasting only the months of September and October.

These mushrooms have a short shelf life, but will last frozen for at least six months, according to the supplier. They should be snow white in color. If any yellowish-green tint is seen, the mushroom should be discarded.

The mushrooms can range in size from the size of a baseball to two basketballs put side by side. In every batch that Mantuano receives, there is at least one large mushroom that he can cut into 20 to 24 steaks. The smaller ones he roasts whole and gives the same treatment as the larger mushrooms. Mantuano also uses the mushrooms as an ingredient in dishes such as Caponata, similar to ratatouille.

How do his customers react to this unusual treat? "Compare it to tofu," says Mantuano. "Either you like it or the texture is not appealing. Some people think it's the greatest thing since white bread. Others . . ." —*K.M.*



Chef Anthony Mantuano shows off a 6-pound giant puff mushroom.

R&I DATA

FOOD COST INDEX: LOWER FOOD COSTS RING IN THE NEW YEAR

The market-basket total for *R&I*'s January Food Cost Index survey continues to show a decline. November basket total—$109.44; December $107.31; current $105.56. Market-basket total for January 1986, excluding frying oil and shortening, was $109.42. Hamburger, chicken, milk, peach and sugar prices remain consistent with month-ago figures.

	1/87	12/86	1/86
Hamburger (lb. 85% lean)	$1.25	- 1	3
Chicken (lb./cut for frying)	.97	1	26
N.Y. strip steak (lb./avg.)	3.19	-12	-19
Bread (Pullman loaf)	.72	- 8	-16
Lettuce (iceberg/head)	.48	-17	-26
French fries (30 lb.)	11.05	- 4	- 5
Tomatoes (lb.)	.54	- 4	-10
Milk (gal.)	1.76	1	- 3
Eggs (doz.)	.78	- 5	1
Peaches (case/#10)	17.41	0	-15
Peas (case/#10)	13.51	26	0
Frozen beans (30 lb.)	12.20	-21	-27
Ice cream (vanilla/gal.)	3.40	4	2
Butter (lb.)	1.81	- 7	—
Cheddar cheese (lb.)	1.69	- 4	—
Sugar (100 lb.)	30.09	- 1	4
Coffee (lb.)	3.04	- 8	15
Breaded fish portions (lb.)	1.67	13	19

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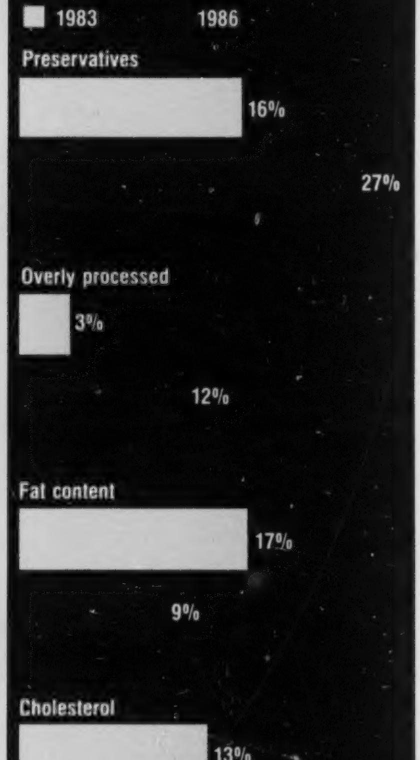
FOOD

R&I DATA

NUTRITIONAL CONCERN DECLINES
According to the Food Marketing Institute Survey of Shoppers, fewer people in 1986 were concerned about the nutritional content of what they ate than were in 1983. The percentage of those answering that they were very concerned in 1983 was 64%, compared to 58% in 1986. The nutritional concerns respondents had changed as well.



Source: Food Marketing Institute Survey of Shoppers

■ **HEALTHLINE**

Fontainebleau Hilton Gets into the Spa Scene

Pampering, recreation and relaxation are the key elements of a new regimen the Fontainebleau Hilton, Miami, Fla., is offering to business travelers. The hotel will open a "world class" beachfront spa where guests will be pampered with massage, loofah, sauna, steam and Jacuzzi, tested on Nautilus and rowing machines, challenged on lighted all-weather tennis courts and Catamaran sailboats, and, finally, given a chance to relax in the free-form rock grotto pool with cascading waterfalls.

"We plan to attract a segment of the upscale vacation market looking for a spa holiday. Business travelers will be able to unwind with a massage and steam or work out with state-of-the-art equipment after a day of meetings," says Marc H. Siegel, president of Spa-Vest Inc., owner and operator of The Spa.

The Spa also will feature a retail shop and Granny Feelgoods, a natural foods restaurant, located on the Spa Veranda. Phase I of the project is finished, while Phase II, which will include the development of an exclusive health retreat, will be completed later this year.

Improve Eating Habits with HealthFare USA

Health professionals and educators working to improve eating habits in their communities will find a new tool available this spring. HealthFare USA is the new name of the National Health Screening Council, the non-profit organization that has presented thousands of community health fairs since 1975. Health fairs presented by HealthFare USA will include a Nutrition Learning Center developed with the American Dietetic Association.

Beginning with the spring 1987 National Health Fair Program, the Nutrition Learning Center will become a formal element of the organization's basic health fair model. Individual health fair sites traditionally have been encouraged to offer nutrition education, according to Jane Mayfield, HealthFare USA executive vice president for program development. "Now we have a uniform way to make people aware of the role of diet in health maintenance and disease prevention," she explains.

At the Nutrition Learning Center, health fair visitors will teach themselves about topics ranging from fiber and calcium to anorexia nervosa and diabetes using simple quiz cards or quiz boards. Health fair volunteers do not diagnose or offer specific case-by-case advice. But individuals with atypical screening results or personal concerns will be directed to the medical staff at the summary and referral station where they will be given information about local health-care sources.

One-Minute Fitness at Callaway Gardens

Take a bunch of executives who want to integrate good management skills with wellness, put them in a serene setting and you have The One-Minute Manager Gets Fit Executive Wellness Program. Georgia's exclusive Callaway Gardens resort is the site of the two-day and seven-day seminars.

Dr. Kenneth Blanchard, author of the "One-Minute Manager" series of books, is the originator of the combined program and picked Callaway Gardens to hold the seminars. The two-day weekend program concentrates on communicating the management-wellness concepts and includes recreation time. Seven-day seminars also include comprehensive medical evaluation, individual exercise prescription, fitness instruction, individual goal-setting conferences and motivational sessions. For more information, call (800) 854-1013. ***—N.B.***

The One Minute Manager
Gets Fit
at Callaway Gardens

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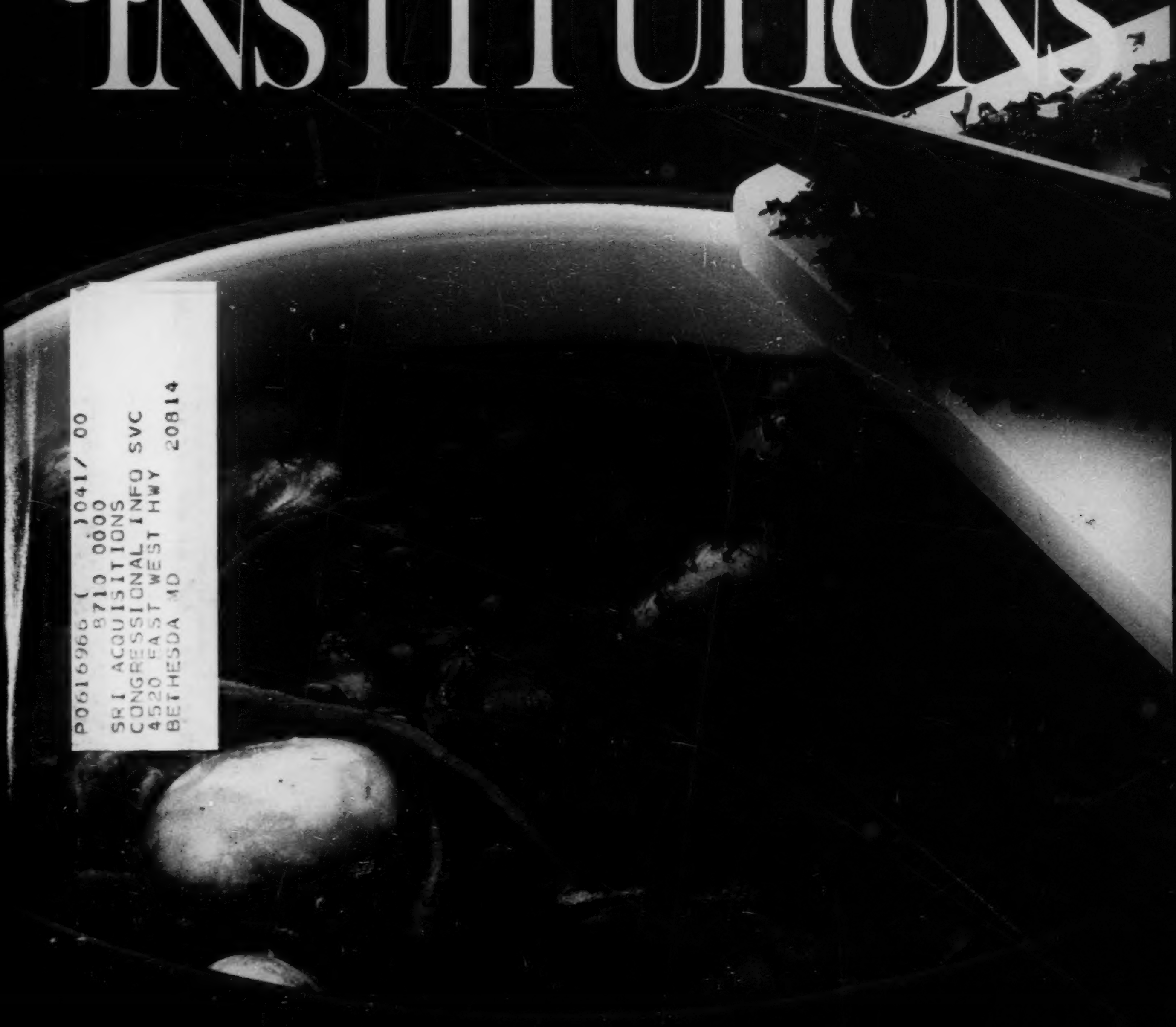
MARCH 18, 1987

A Cahners publication serving the total foodservice industry

RESTAURANTS & INSTITUTIONS



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R&I REPORT

LEGISLATION PROPOSED FOR NEW MINIMUM WAGE

H.R. 79 Introduced by Representative Mario Biaggi (D-N.Y.): Would increase the minimum wage in five annual steps, beginning with a 50-cent increase in July 1987. By 1991, minimum would be equal to half the average hourly wage for private nonsupervisory workers.

H.R. 649 Sponsored by Henry Gonzalez (D-Tex.): Would raise the minimum by 5% each year until it reached a level equal to half the average hourly earnings of nonsupervisory workers on private nonagricultural payrolls. After that level had been reached, proportionate increases in the minimum would coincide with increases in that average.

H.R. 659 Introduced by Rep. Gerald Kleczka (D-Wis.) and 17 co-sponsors: Calls for two increases of 50 cents each in 1988 and 1989

WASHINGTON UPDATE

Minimum-Wage Battle Renewed

After 10 years, Congress re-addresses the issue with three different bills.

Despite all the talk of a healthier economy and lower unemployment during the first six years of the Reagan Administration, there has been no change in the federal minimum wage.

Although bills proposing an increase failed in the 99th Congress, with the new Democratic majority, organized labor and other supporters of a raise are more hopeful this time around.

The many proponents of an increase in the minimum wage argue that the cost of living has risen by almost 20% since the minimum wage was raised to $3.35 an hour in 1981. That wage amounts to less than $7,000 annually, below the level of welfare and food-stamp payments that a family of three would be entitled to in New York City.

During the first weeks of this Congress, three different minimum wage bills were introduced in the House and there may be more to come. In the Senate, similar action can be expected. Sen. Edward Kennedy (D-Mass.), chairman of the Senate Labor and Human Resources Committee and considered a friend of organized labor, has indicated that the minimum wage would be one of the major items on his agenda.

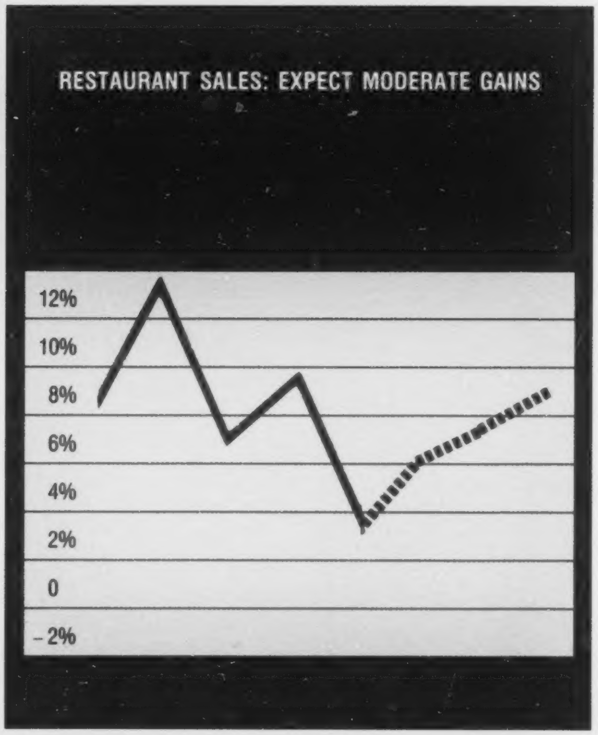
Kennedy

On the downside, some economists believe steadily increasing wages are a major cause of inflation. When wages rise, with no concurrent increase in production, operating costs increase. This, in turn, may mean a company chooses not to hire additional workers or to lay off some existing employees.

In the foodservice industry, many employers already are paying considerably more than the minimum wage to attract workers, but are still opposed to a mandated increase. According to the National Restaurant Association, such legislation would be inflationary because an increase in the minimum raises the floor for all wages, as other workers seek to maintain their differential.

Some restaurant industry executives also have voiced opposition based on the possibility of increased unemployment. The greater operating cost caused by a rise in the minimum wage forces an increase in prices. The company then loses some of its customer base who can not afford the increase, which in turn leads to laying off of workers, thereby further shrinking the customer base.

—*R.K.*



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RESTAURANTS & INSTITUTIONS

Western Steer Boosts Sales by Adding All-American Food Bar

The possibilities are almost endless.

"You can probably make 500 different combinations" at Western Steer Family Steakhouse's new All-American Food Bar, says Harold Miller, marketing director of the 190-unit chain.

With the food bar concept growing increasingly popular in family-style restaurants, Western Steer's version comes in three sizes, ranging in length from 16 to 22 feet. There are 65 food offerings, from salads, fruits and cheese to hot vegetables, desserts, hot breads and freshly prepared meats.

While some older units have only installed the "concept" of the All-American Food Bar because of space limitations, all newly constructed Western Steer units will accommodate the food bar. It is backed by an All-American Family Meal promotion from the Claremont, N.C.-based chain.

For $3.99, customers can eat as much as they want and make as many trips to the food bar as they desire. The impact of the offering has been a 25% sales gain and increased customer counts. Through the fall, the food bar had been installed in all 39 company-owned units and 80% of the rest of the firm's 150 franchised stores.

"This addition to our existing salad and hot vegetable bar structure will provide a full selection for Western Steers' customers who prefer to design their own meal and . . . who prefer paying one all-you-can-eat price," says Marshall Digh, president of parent Western Steer Mom 'n' Pop's Inc. "The new bar also provides for future expansion of menu items compatible with our current menu mix. The name 'All-American' is expressive of our marketing thrust."

Western Steer has more than 200 units, including specialty restaurants.

Desserts
Hot Vegetables

The All-American Food Bar is boosting the bottom line at Western Steer.

S&A Gets Into the Hotel Side of the Business

S&A Restaurant Corp., with more than 400 theme restaurants and $500 million in systemwide sales, is now entering the hotel marketplace.

The Dallas-based operators of Steak & Ale and Bennigan's has established a new division—Innovative Foodservices—to manage foodservice at the Embassy Suites Hotels at Country Club Plaza in Kansas City, Mo., and the Camelback Embassy Suites in Phoenix.

S&A is slated to run all foodservice at both locations, from restaurants and bars to catering, room service and deli and carryout operations, where available. In Phoenix, S&A will manage the existing Ellington's restaurant while in Kansas City the company will open Steak & Ale's Plaza Grill.

"As prime real estate sites diminish, our management contracts may lead to site extensions for existing concepts such as Steak & Ale and Bennigan's," says Gary Link, S&A's vice president of new business development.

"We see this as a great new growth vehicle for the company," says Lane Cardwell, senior vice president at S&A. "We're especially fortunate to be working with the largest and fastest-growing all-suite operator in the country."

At Steak & Ale's Plaza Grill in Kansas City, Mo., the food offerings will range from grilled meats, seafood and prime rib to pastas, appetizers, sandwiches, soups and salads.

—Howard Schlossberg
—Brad Stratton

■ R&I DATA

AVERAGE MENU PRICES: MIXED RESULTS NOTED

R&I tracks average selling prices for a variety of menu items at restaurants across the country. While beverage prices remained within a few cents of the previous month's survey, sandwich prices showed a noticeable increase, especially in the West.

Item	Full service	Fast food	Hotel/ motel	North-east	South	North Central	West
Beverages:							
Coffee	$.67	$.46	$.85	$.72	$.72	$.57	$.68
Iced tea	.70	.68	.87	.75	.78	.65	.81
Soft drinks	.76	.69	.86	.76	.76	.71	.84
Beer	1.51	1.71	1.69	1.65	1.71	1.38	1.74
Wine (glass)	1.93	1.69	2.27	2.26	2.07	1.83	2.15
Sandwiches:							
Hamburger	3.16	1.78	3.22	2.98	2.63	2.20	3.62
Cheeseburger	3.37	1.89	3.26	3.15	2.54	2.38	3.77
Ham & cheese	2.98	2.37	3.06	3.37	2.32	2.10	3.36
Club	4.41	3.10	4.46	4.44	4.05	3.58	4.84
Fish	2.98	1.89	3.78	2.87	3.52	1.65	2.78
Chicken patty	3.58	1.68	3.58	2.38	3.29	2.09	4.57
Other:							
Chili	1.73	1.58	1.97	1.82	1.62	1.41	2.24
French fries	1.09	.88	1.01	1.28	.93	.90	1.01
Scrambled eggs	1.24	1.38	2.34	2.13	1.79	1.34	1.64

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INTRAPRENEURSHIP: A CASE STUDY

Name: Dan O'Connell
Title: Director of Foodservice
Operation: Baptist Medical Center of Oklahoma Inc., a Division of Oklahoma Healthcare Corp., Oklahoma City, Okla.

Dan O'Connell was one of the first hospital foodservice directors to catch the intrapreneurial wave. Now, with catering sales of $120,000 and retail and wholesale bakery sales of $135,000, O'Connell is riding high, with no intentions of stopping.

Last year his department's in-patient nutritional assessments, which go above and beyond standard dietetic services, generated $120,000. O'Connell and his staff also have developed a trademarked weight-management program, "Changing Your Weighs," and recently initiated a gastric-bubble weight reduction program in conjunction with the hospital's gastroenterology department. Retail food baskets and Royal Touch room service also have helped increase his department's marketability.

"Of course, our main thrust has always been 'Give the patients what they want,'" says O'Connell. "Now we're taking an intrapreneurial hack. We'll ride the winners and get rid of the losers. But we'll always keep something to ride on."

■ **INSTITUTIONS SURVEY**

The Results Are In . . .

Members of *R&I*'s institutional readership reveal insight into the world of profit-making ventures.

It's hard to keep a good idea down. At least that's what respondents to *R&I*'s Institutions Survey seem to say. Despite cutbacks and other adverse financial conditions, institutional operators still manage to come up with new ways to make ends meet.

In November 1986, several of these operators answered the question, "How did you finance your operation's revenue-generating ventures?" Solutions ranged from fund-raising events to loans to creative budgeting; the most popular source for funds was the institutions' own foodservice budget.

Sixty percent of respondents launched their respective ventures for less than $10,000. In fact, many operators have turned a profit even when starting with next to nothing.

Dale Henson, director of food and nutrition services for Mounds View Public Schools, St. Paul, says he began his catering, contracting and consulting activities without raising any money outside of what already was budgeted to him.

"We already had the equipment and the transportation vehicles—all we needed was packaging material," he says. "That cost around $1,000 or $1,500." Sales from Henson's catering and his contracting operation, which supplies meals to senior citizens and neighboring private schools, totalled more than $100,000 last year.

Timothy Kavulla, director of foodservice for the Wichita Public Schools, Wichita, Kan., also started his contracting and catering operations from cash allotted to him in his school-district budget. Last year these two activities accounted for 12% of Kavulla's $7.5 million in food sales.

Henson and Kavulla found their fortunes in catering, and so did a lot of other survey respondents. Seven out of every 10 operators surveyed have begun some type of catering operation, whether it's food for parties or meals for senior-citizen groups.

Retail foods, usually in the form of bakery goods, proved to be another popular revenue-generating venture: a full 40% of survey respondents have started some type of retail operation within the last two years.

With registered dietitians in close proximity, hospital foodservice directors have found weight-loss programs to be logical adjuncts to their departments. A large number of directors report operating functions of this type, often in addition to other ventures.

At the Baptist Medical Center of Oklahoma Inc., Foodservice Director Dan O'Connell oversees two types of weight-management programs, plus catering, consulting, and retail and wholesale bakery operations. His programs are highlighted in "Intrapreneurship: A Case Study."

Survey respondents also named cooking classes and nutrition counseling as ventures that take advantage of their institutions' existing resources. At the Jones-Harrison Home, a long-term care facility in Minneapolis, Foodservice Director Ronald Mattson opened his staff training sessions, conducted by a professional chef, to the public. The $2,000 in course fees he collected paid for two-thirds of the hired chef's salary; Mattson thereby trained his kitchen staff for one-third the price.

Other successful revenue-generating ventures among institutional operators include public restaurants and miscellaneous fund-raising events such as balloon sales. Although the percentage of respondents participating in these activities currently is small (3% and 7% respectively), several operators wrote of plans to start similar ventures in the future.

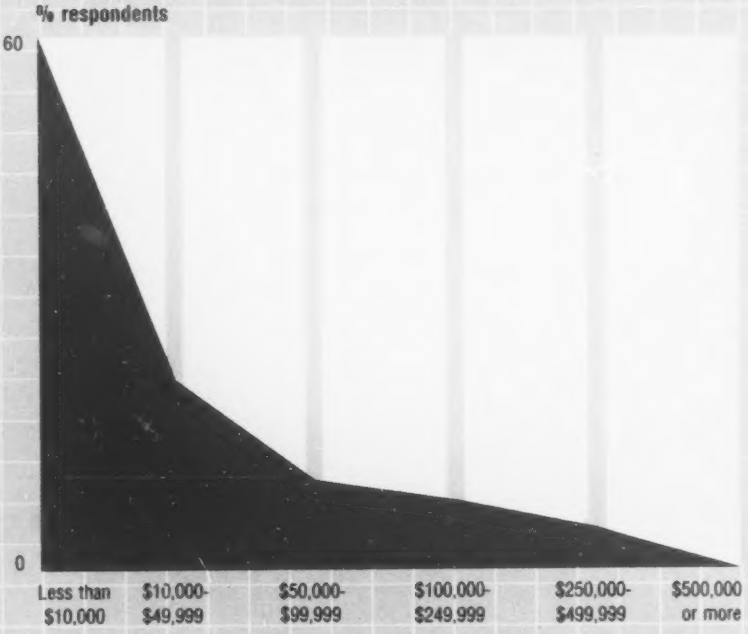
The red-hot byword among institutional operators today seems to be "Try it—you'll like it." Whether "it" is a catering operation, a bakeshop or something else depends on the individual institution. But chances are, "it" will produce enough money to keep foodservice budgets in the black.

—Pam Erickson

RESTAURANTS
& INSTITUTIONS

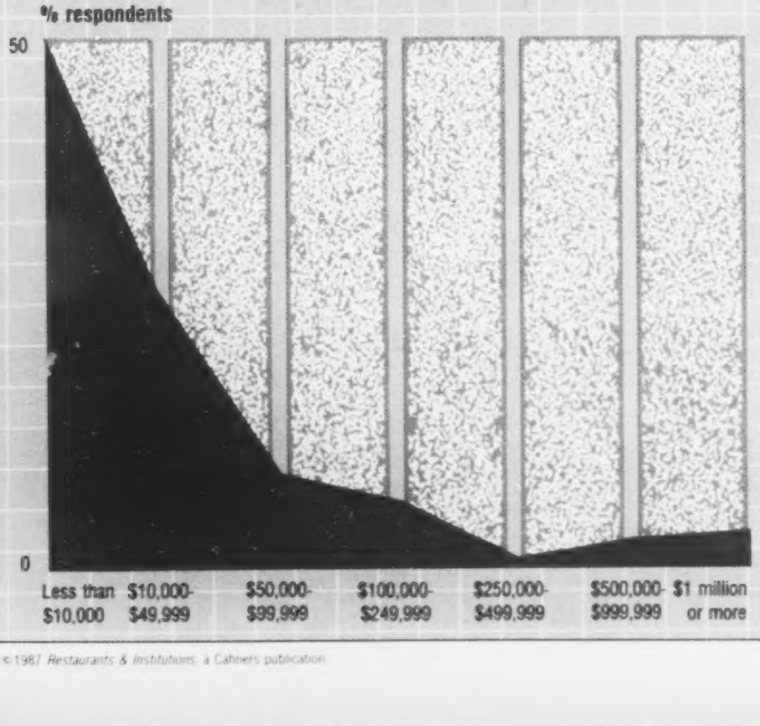
SOWING THE SEEDS

Although it often takes money to make money, the majority of survey respondents launched their revenue-generating ventures for less than $10,000. No institutions used more than $500,000 in start-up capital.



REAPING THE PROFITS

Survey results show that sales aren't necessarily a function of investment capital. Some of the highest grossing ventures were started with less than $50,000. Most respondents, however, averaged $10,000 or less in sales.



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POPULAR WAYS TO MAKE MONEY

Although money doesn't grow on trees, it can be cultivated through ingenuity. Here is a breakdown of survey respondents' most popular money-making ventures.

Activity	% respondents
Catering	70
Retail food sales	40
Weight-control programs	30
Consulting	20
Contracting	20
Counseling	10
Cooking classes	7
Other fund-raising events	7
Public restaurants	3
Wholesale food sales	3

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RESTAURANTS & INSTITUTIONS

HUMAN RESOURCES

Be Wary of Distractions; Focus on What Guests Say

Be aware of elements that disrupt employee-guest communication.

The following is an excerpt from "The Interpersonal Dimension of Service," an article written by Robert Brymer of Florida State University, Florence Berger of Cornell University and Carol King, president of Qualityservice Group.

Listening is the most important communication skill for restaurant employees. And be attentive to non-verbal cues. Also, be wary of distractions and pressures that interfere with communication.

Numerous elements conspire to hamper service. For example, the sheer noise in a dining room can make miscommunication a likely occurrence.

The pressure to provide speedy service can cause servers to concentrate on the mechanics of rapid delivery and neglect careful listening.

Words have different meanings to different people. Age, education, family background, nationality and personal experience can influence interpretation of a spoken message. Tone of voice and body language further complicate the process. Ask questions if there are any doubts.

The server must attempt to elicit from customers the many details of their dining desires. Menu product knowledge is the server's greatest defense.

Florida State students gain practical service experience through the school's "Little Dinner" series.

Time is also a crucial element of service. Servers should ask guests if they are in a hurry. If so, do not be hasty, but rather take care to understand the guest's order.

Sequencing is important also. Some guests prefer to have menu items brought at the same time, such as coffee or beer with the meal. Ascertaining these preferences and catering to them enhances the dining experience.

R&I DATA

LABOR COST INDEX: UNIT MANAGER PAY DROPS OFF IN NORTHEAST

According to January figures, survey respondents from the Northeast, widely known for offering higher starting wages, report newly hired unit managers are averaging lower salaries than managers in other regions of the country.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	$28,325	$27,693	$30,482	$27,696	$30.347	$26,853
Manager*	19,834	20,972	21,097	21,450	21,892	19,870
Asst. manager*	18,321	16,392	17,076	18,289	17,609	17,501
Mgmt. trainee*	14,115	13,429	12,356	13,297	13,148	13,389
Cook**	249	212	207	227	216	232
Dishwasher**	166	155	158	153	147	169

Key: *annually **weekly

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Brennan's

TRAINING VIDEOS WORK OUT

The video revolution has affected the industry in a positive way at Brennan's in New Orleans. Management has received numerous compliments about improved service since the staff began meeting informally to discuss service. Meetings included a series of videotapes on waitstaff training produced by the National Restaurant Association. Teamwork has evolved and staff attitude has changed 360 degrees because they now have imput about restaurant policies.

EQUIPMENT INVESTMENT

Keeping Pace with the Trends

Updated equipment helps deliver the newest in food to foodservice customers.

The foodservice industry always allows room for new ideas, and this year proves no exception. Upscale French restaurants, middle-of-the-road American bistros and country-style inns live comfortably together and even feed the same clientele.

To offer customers a taste of these trends, an operator needs a few basics: a chef able to turn ideas into menus, a well-stocked food supplier and a kitchen filled with versatile equipment.

The equipment decision, perhaps, is the most important because long after the chef opens his own place and the entree of the hour falls by the wayside, the equipment and the investment it symbolizes will still be sitting in the kitchen.

Most operators realize the importance of equipment and buy accordingly. A recently completed *Restaurants & Institutions* study shows that operators rank performance and durability as the most important factors in equipment purchases. Next, in order, come satisfaction with present equipment, price-value relationship, the manufacturer's service network and energy efficiency.

While durability and performance cannot be ignored, many other factors spark the initial decision to buy more equipment. A larger dining room, expanded menu, plans to add an open kitchen or offer banquet service call for new equipment—an opportunity to test the equipment industry's new offerings. Even a simple replacement purchase offers a chance to try a new kind of oven or fryer.

Salad preparation (left) is simplified with sharp, well-maintained knives. Braising pans (right) perform a variety of cooking functions, from grilling to sautéing.

Technological advances as well as simple good ideas have touched the entire kitchen, from cooking to storage. Here is a rundown of ideas and advancements in the major categories of kitchen equipment.

Cooking equipment

During the past few years, the industry has produced equipment capable of streamlining even the most complete kitchens. Combination pieces such as convection oven-steamers, microwave-convection ovens and proofing cabinet-convection ovens take over some duties relegated to convection ovens and pressure or pressureless steamers.

As combination units hit the market, standard multiuse equipment is enjoying new popularity. Tilting skillets find a place in virtually every new full-service kitchen. Their ability to sauté, braise, boil, grill and broil should be taken into consideration if this year's plans include remodeling or replacement. Tilting kettles, too, are as versatile as tilting skillets.

High-efficiency equipment is a source of pride among equipment manufacturers. Fryers, once considered energy hogs, now boast low Btu ratings and high thermal efficiency, resulting in energy savings. Convection-style fryers, better filtering systems and new burner configurations turn out more consistent product.

Energy conservation features, such as thicker insulation and better gaskets on refrigerators and freezers, stand-by modes on electric ice machines and waffle makers and advanced burner technology in ovens trim waste and enhance the equipment's performance.

Easy-to-clean kitchens are fast becoming the industry standard. Removable and replaceable components, sealed and coved edges and simple disassembly ensure safety, sanitation, and cut labor, too.

More and more operators are trying out equipment that always has in-

RESTAURANTS & INSTITUTIONS

The average operator will spend $13,242 on equipment this year.

trigued, but never seemed useful. Microwave ovens, for example, are quickly gaining acceptance in all sorts of kitchens, including fine dining. Small, low-wattage models quickly defrost and reheat product in emergencies.

Preparation equipment

The right kind of preparation equipment makes the difference between efficiency and inefficiency.

In small kitchens, for instance, a small slicer can supplement or even replace a manual chopping system. In bigger kitchens, extra mixer attachments speed bulk preparation of fruits and vegetables. The scores of specialty slicers on the market cut shish kebab into even pieces, citrus fruit into "crown" halves and carrots into shreds.

Kitchen knives take a beating, and are built to last, but even they occasionally need replacing. Knives with loose handles, chipped or broken blades and blades sharpened so far that the user's knuckles hit the cutting surface should be replaced.

Can openers fall in the same category as knives and should be considered as important. Old can openers may contaminate food in cans with debris and metal chips. At least one manufacturer claims that its can opener specifically is designed to keep foreign matter from dropping into cans.

Whether to buy a new work table depends largely on space. New or stepped-up menu items, however, may require a make-up table. Sandwich and pizza work tables sport undercounter refrigerators for ingredient storage, drawers for utensils and dropped-in compartments on the top that hold prepped ingredients.

Reach-in countertop refrigerators (left) speed service when filled with prepared menu items.

Serving equipment

The newest serving equipment on the market gives both operators and their customers more options and, above all, merchandises food.

Beverage dispensers, for instance, now dispense three or more different drinks, as well as ice and cold water. Soft-serve machines mix and dispense three or more flavors of ice cream.

Hot and cold food bars help sales as much as they simplify serving. One bar converts from hot to cold with the flip of a switch and the addition of some ice, so it can be used as a hot breakfast bar, a cold lunch salad bar, and a hot food bar at dinner.

Non-convertible units, of course, can be used throughout the day simply by changing the products. For instance, a cold breakfast bar of yogurt, cottage cheese, whipped butter, fresh or canned fruit, granola and quickbreads turns into a salad bar at lunch and dinner with a simple switch of serving crocks.

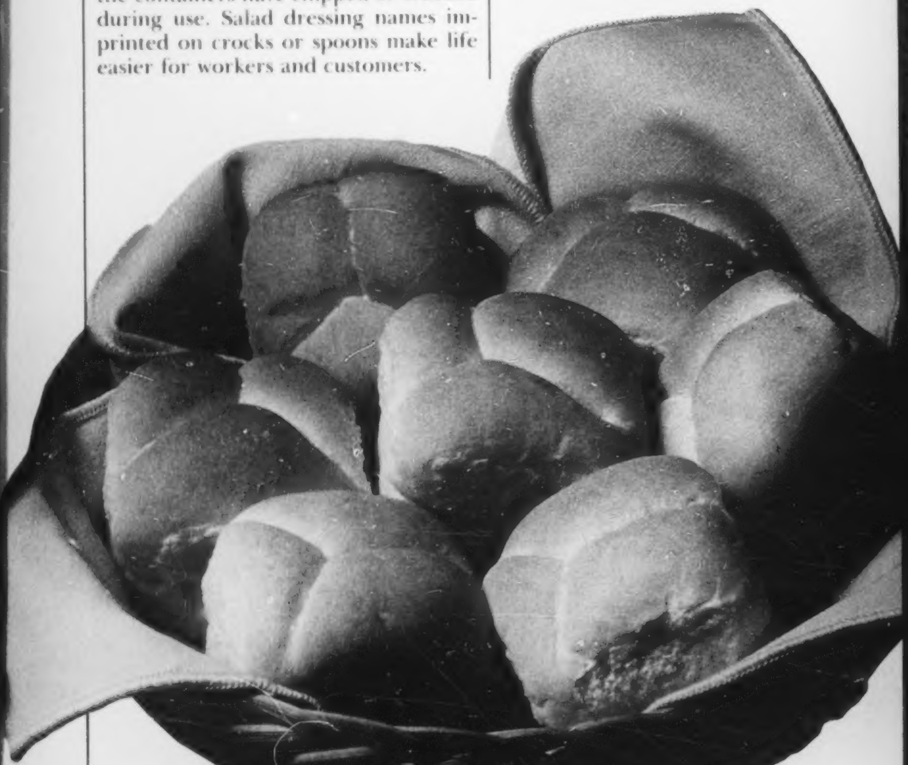
New ingredient crocks and spoons perk up existing salad bars, especially if the containers have chipped or cracked during use. Salad dressing names imprinted on crocks or spoons make life easier for workers and customers.

Display cases and carts take up a lot of the responsibility of food merchandising. Pastries, fresh fruits, salads and takeout offerings look more tempting in sparkling steel and glass refrigerated cases than they do behind closed kitchen doors. Desserts sometimes eclipse their menu description when customers see them displayed on a cart.

Storage and handling

Kitchens never seem to have enough storage space. But small-scale refrigerators and freezers, countertop ice machines, undercounter shelves, mobile

Sometimes, the simple ideas are the best: Rolls nestled in a basket stay warm and look tempting.



TO BUY OR NOT TO BUY? Operators consider the following factors when they decide whether to buy equipment:

Availability of money	62.2%
Customer counts	49.3
Operation sales	41.8
Unavailability of equipment	12.9
Interest rates	12.0
Economic uncertainty	11.1
New tax laws on depreciation	7.6

Source: Cahners Bureau of Foodservice Research, © 1987 *Restaurants & Institutions*, a Cahners Publication.

EQUIPMENT

Cooking, preparation equipment head 1987 shopping lists.

racks and cabinets free space and ease production.

Refrigerators strategically placed under or atop counters save employee steps. Raw or packaged prepped ingredients for cold salads, appetizers and desserts stored in undercounter refrigerators are easy to reach. And members of the wait staff won't get in the way of the kitchen staff when they pick up items from a pass-through refrigerator.

Mobile refrigerator units equipped with tray slats see more action during banquets than they do during regular hours. Trays of prepared cold food hold well from loading time to serving time. Mobile hot cabinets do the same for hot food.

More shelving holds new orders of pots, pans and extra foodstuffs. Today's foodservice shelves are lighter, easy to assemble, knock down and reconfigure.

Kitchens cannot have too many carts. Stainless-steel or heavy rubber carts haul product around the kitchen, dishes from the table to busing stations, then from busing to ware wash. Carts with wheel brakes double as storage shelving.

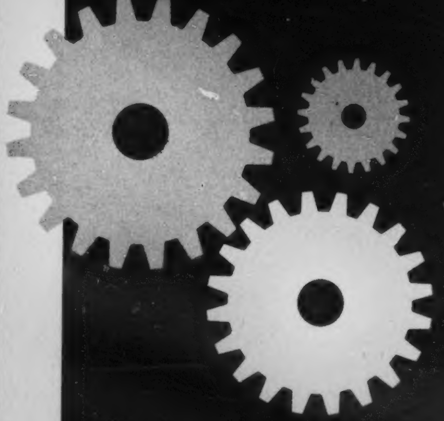
Sanitation, warewashing

Even dishwashers need replacing. Those that do not need replacing may need companions, if the dining room they serve has expanded.

Large kitchens need long flight-type machines that rinse, wash, sanitize and rinse big loads of dishes. Newer flight types work more quickly and are easier to operate in service. In fact, the service section on a certain new model actually tells the operator what has gone wrong.

Front-loading door-type dishwashers work better in small- to medium-sized kitchens. High-temperature dishwashers, in which the final rinse water reaches 180F, sanitize dishes without a chemically treated final rinse. Since tap water only reaches about 160F, high-temperature washers require booster heaters. Low-temperature washers require a chemical rinse, but no heater.

The only thing standing between the operator and clean dishes may be inadequate dish scraping. When a good scraping with a rubber utensil does not do the trick, a high-power spray nozzle will wash sticky, stubborn soil off dishes. ***—Lisa Bertagnoli***



WHAT MATTERS MOST

When operators make the decision to buy, the following factors sway their choice:

Performance	96.9%
Reliability/durability	96.0
Satisfaction with present equipment	82.2
Price-value relationship	76.9
Service network	73.8
Energy efficiency	65.3
Warranty policy	60.4
Delivery/availability	54.7
Other operators' recommendations	40.9

Source: Cahners Bureau of Foodservice Research. © 1987 Restaurants & Institutions, a Cahners Publication.

An elegantly styled dessert glass and serving plate bestow new life on standard desserts.

ACTION EXPRESS

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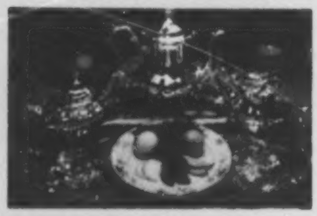

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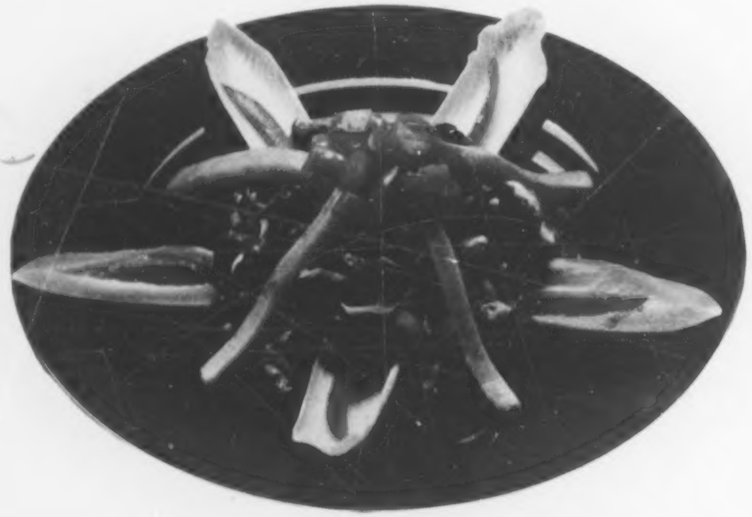

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R&I DATA

FOOD COST INDEX: INCREASE SEEN IN MARKET-BASKET TOTAL

The market-basket total for *R&I*'s April Food Cost Index Survey is $111.24. This is the first increase seen since the market-basket started to decline in November. The total is up $3.93 from January's market-basket total, and up $6.31 from one year ago. Prices have been taking a roller-coaster ride over the last few months.

		% Change	
	4/87	3/87	4/86
Hamburger (lb. 85% lean)	1.19	- 5	- 6
Chicken (lb. cut for frying)	.89	- 8	6
N.Y. strip steak (lb./avg.)	3.21	1	9
Bread (Pullman loaf)	.81	13	0
Lettuce (iceberg/head)	.51	6	11
French fries (30 lb.)	12.24	11	6
Tomatoes (lb.)	.58	7	2
Milk (gal.)	1.72	- 2	-18
Eggs (doz.)	.75	- 4	0
Peaches (case/#10)	18.28	5	3
Peas (case/#10)	13.19	- 2	14
Frozen beans (30 lb.)	14.07	15	0
Ice cream (vanilla/gal.)	3.12	- 8	- 6
Butter (lb.)	1.84	2	—
Cheddar cheese (lb.)	1.67	- 1	—
Sugar (100 lb.)	32.27	7	10
Coffee (lb.)	3.00	- 1	10
Breaded fish portions (lb.)	1.90	14	35

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FOOD PRICE UPDATE

The Long and Short of It

The 1987 consumer price index (CPI) is expected to be 2% to 4% above 1986.

The subject of food, prices and availability in 1987 was the focus of a speech by Ralph L. Parlett, agricultural economist, economic research service, USDA, at the Annual Agriculture Conference held in Washington, D.C. The following are excerpts from his remarks.

Meat and poultry: Red meat supplies will continue to decline in 1987. Beef production is expected to be down 6% to 7% from 1986. Pork production will be below 1986 levels through most of this year.

With larger supplies, poultry prices are expected to average slightly below the 1986 average, but not by more than 3% because of the influence of higher red meat prices.

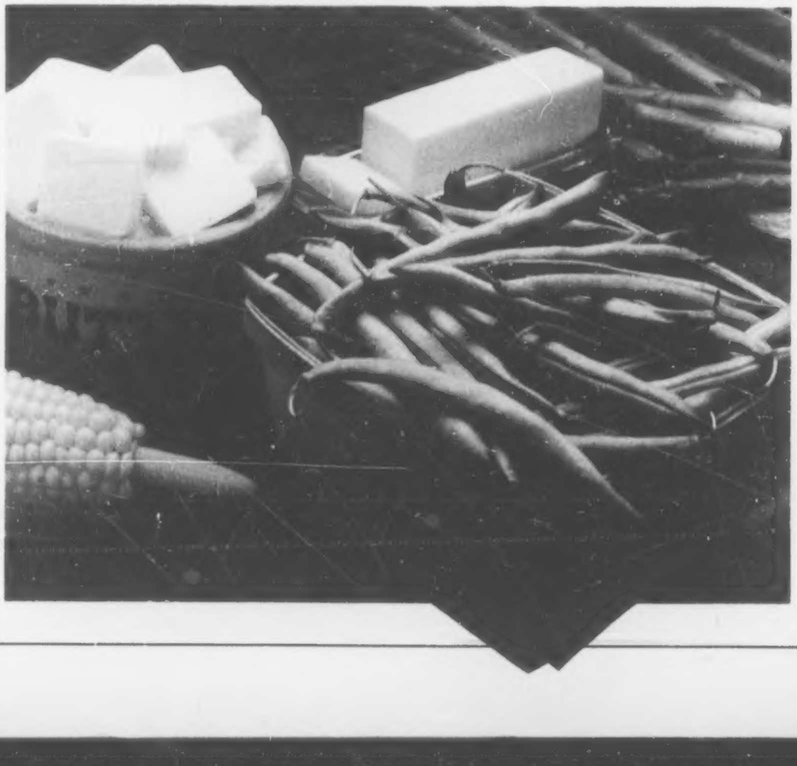
Fish and seafood: The price of fish and seafood increased more than any other major food component of the CPI in 1986. While demand is increasing, supplies are diminishing. To satisfy growing domestic demand, seafood processors and wholesalers are searching for new foreign sources of supply. The supply situation is not likely to improve in 1987.

Fresh fruits and vegetables: In 1987, citrus supplies will be higher than in 1986, helping to dampen price increases. Potato prices in 1987 will be up from the low levels of 1986, because of reduced acreage and smaller harvests. Other fresh vegetable prices will likely average higher also because acreage intentions are down.

Fats and oils: The fats and oils component of the food CPI fell gradually all through 1986, reflecting large world supplies. With a large harvest of soybean in the fall of 1986 and continued large supplies, prices of fats and oils are expected to decrease slightly in 1987.

Dairy products: In 1987, with surpluses reduced and commercial use expected to increase, stronger prices are likely at the end of the year, but prices are not likely to average more than 2% above 1986. —***Kathleen Marshall***

Some fresh vegetable prices will likely average higher because acreage intentions were down for the winter vegetable crop.



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ECONOMIC EXPERTS

Who Has the Spending Power?

College grad's income 50% higher than average household.

Kim Kennedy is a member of Cahners Department of Economics.

The foodservice industry knows the incidence of eating out and the amount of money people spend on eating out are closely correlated with education and income.

The following are highlights of a March 1986 report on U.S. households by education and income recently released by the Conference Board's Consumer Research Center.

Each generation of Americans achieves a higher level of education than the one before. Today, more than 20% of household heads hold a college degree, an increase from slightly more than 10% about 20 years ago.

Because higher education is closely associated with higher income, it is not surprising the top-educated household population accounted for close to one-third of the total personal income last year. The average income of households headed by a college graduate was $43,000—50% more than the average.

Family heads with a high level of education not only earn more, but in almost two-thirds of all instances are married to spouses who also have jobs and contribute substantially to the family's earnings. Because of this, more than one-half of these households earn incomes of more than $35,000 per year and more than one-half of that number earn in excess of $50,000.

By comparison, only slightly more than one-fourth of households where the head has a high school diploma or some college are in the $35,000 and over bracket, with most at the lower end of the range. And for households with the least education, close to four out of five earn less than $25,000 a year. Almost three out of five earn less than $15,000.

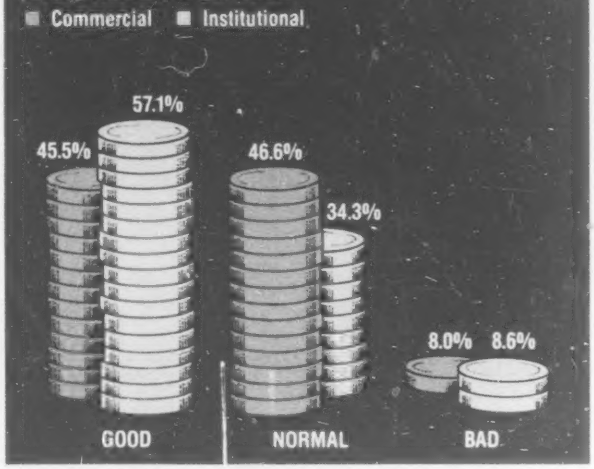
This means that while the college educated account for only 20% of all households, they represent one-half of all homes in the $50,000-and-more income bracket.

Furthermore, the earnings gap between the college educated and others increases with age and experience. At age 30 to 34, households headed by a person with a middle education earn incomes 5% less than the national average whereas college-educated households earn incomes 30% more than the national average. The dollar earnings gap between the two is more than 35%. —*Kim Kennedy*

R&I DATA

SALES NOW: RETURN TO NORMALCY

After an overwhelming 20.5% of commercial operators reported bad sales in the January survey, business appears to have rebounded, as only 8% reported bad sales in February. Fully 46% reported normal sales compared to 34% previously. In the next six months, full-service restaurants are most optimistic as 77.8% of the operators are predicting better sales, while only 5.6% are expecting revenues to get worse.



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COLLEGE PAYS OFF

- Three-fifths of all persons with a graduate-school education are under the age of 45.
- More than three-fifths of all household heads that are in managerial or professional occupations are college educated.
- Nearly one-third of all college-educated household heads earned $50,000 or more last year, and nearly 12% earned $75,000 or more.

INSTITUTIONAL GIANTS

CAPTIVATING CUISINE

A Giant's-eye view of institutional menu evolution.

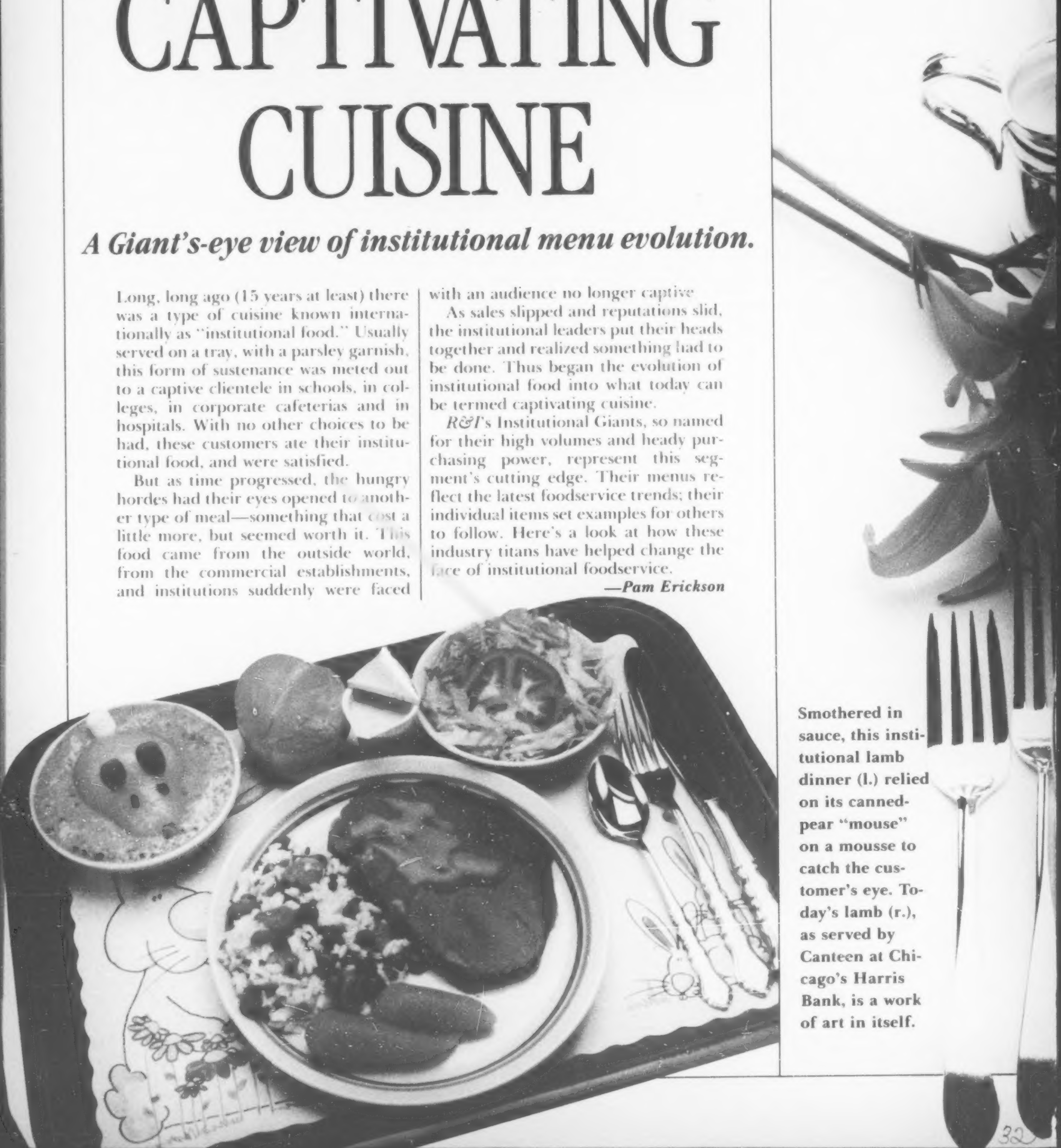
Long, long ago (15 years at least) there was a type of cuisine known internationally as "institutional food." Usually served on a tray, with a parsley garnish, this form of sustenance was meted out to a captive clientele in schools, in colleges, in corporate cafeterias and in hospitals. With no other choices to be had, these customers ate their institutional food, and were satisfied.

But as time progressed, the hungry hordes had their eyes opened to another type of meal—something that cost a little more, but seemed worth it. This food came from the outside world, from the commercial establishments, and institutions suddenly were faced with an audience no longer captive

As sales slipped and reputations slid, the institutional leaders put their heads together and realized something had to be done. Thus began the evolution of institutional food into what today can be termed captivating cuisine.

R&I's Institutional Giants, so named for their high volumes and heady purchasing power, represent this segment's cutting edge. Their menus reflect the latest foodservice trends; their individual items set examples for others to follow. Here's a look at how these industry titans have helped change the face of institutional foodservice.

—Pam Erickson



Smothered in sauce, this institutional lamb dinner (l.) relied on its canned-pear "mouse" on a mousse to catch the customer's eye. Today's lamb (r.), as served by Canteen at Chicago's Harris Bank, is a work of art in itself.

RESTAURANTS & INSTITUTIONS

Host your ne
meeting
at Harris Bank

INSTITUTIONAL GIANTS

“70,000 lunches are served daily in 113 cafeterias in Chicago public schools,” reported F.O. Washam, director of lunchrooms for the Chicago Board of Education, in the December 1937 issue of *Institutions*. “Successful cafeterias of many types are centrally directed and operate on planes of high efficiency.”

According to *R&I*'s 1987 list of Institutional Giants, this efficiency continues today, only on a much larger scale. Chicago's public schools now serve an average of 350,000 meals per day from kitchens in 586 foodservice units.

Rank	Organization and headquarters	F&B purchases in millions	Commercial equivalent	No. of units
1	USDA Food & Nutrition Service, Washington, D.C.	$954*	$2,671.12	89,200
2	Canteen/Interstate United (PC: TW Services Inc.), New York	864	2,419.2	2,450
3	ARA Services, Inc., Philadelphia	850	2,380	3,200
4	Marriott Corp., Washington, D.C.	829.3*	2,322	3,154
5	Service America Corp., Stamford, Conn.	357*	1,000	9,000
6	U.S. Navy Food Service Systems Washington, D.C.	304.4	852.3	666
7	U.S. Army Troop Support Agency, Fort Lee, Va.	241.6	676.5	1,089
8	Ogden Allied Services Corp., New York	220	616	1,500
9	Greyhound Food Management Inc., Phoenix	202	565.6	385
10	U.S. Army Clubs & Recreation, Alexandria, Va.	185.3*	518.8	1,116
11	Eastern Airlines Inc., Miami, Fla.	169 prep.; 13.8 raw	279.5	105
12	AMR Corp., Dallas	165.7	464	326
13	Delta Air Lines, Atlanta	150 prep.; 13.8 raw	264	85
14	Army & Air Force Exchange Service, Dallas	152.9	428	2,773
15	Delaware North Cos. Inc. Buffalo	150	420	235
16	U.S. Air Force Open Mess Randolph AFB, Texas	147.3*	412.4	502
17	Sky Chefs (PC: Carson Pirie Scott & Co.), Chicago	125.8	352.2	226
18	Dobbs House (PC: Carson Pirie Scott & Co.), Chicago	120	336	55
19	U.S. Air Force, Tyndall AFB, Fla.	115.6	323.7	639
20	United Air Lines, Chicago	21.8 prep.; 78.1 raw	261.4	22
21	Hospital Corp. of America, Nashville	98.9*	276.6	425
22	Veterans Administration, Washington, D.C.	92.5	259	304
23	Pan American World Airways, Miami, Fla.	82.6 prep.; 5.1 raw	138	1
24	Beverly Enterprises Pasadena, Calif.	85*	238	1,025
25	Szabo Foodservice Co., Oak Brook, Ill.	84.7	237.2	357

RESTAURANTS & INSTITUTIONS

Rank	Organization and headquarters	F&B purchases in millions	Commercial equivalent	No. of units
26	Trans World Airlines Inc., New York	$64.1 prep.; 17.4 raw	$144.9	4
27	U.S. Navy Officer's and Enlisted Mess System, Washington, D.C.	78	218.4	267
28	U.S. Marine Corps, Washington, D.C.	76.7	214.8	109
29	New York City Board of Education, Long Island City, N.Y.	76.5**	214.2	1,170
30	Northwest Orient Airlines, Inc., St. Paul	61.5 prep.; 4.5 raw.	104.9	4
31	The Seiler Corp., Waltham, Mass.	75.6	211.7	520
32	Los Angeles Unified School District, Los Angeles	61.3	171.6	572
33	National Medical Enterprises Inc., Los Angeles	53.1	148.7	527
34	Commonwealth of Virginia, Richmond, Va.	50.2	140.6	60
35	Baltimore Bureau of Purchases, Baltimore	50	140	135
36	Navy Resale and Services Support Office, Staten Island, N.Y.	48.7	136.4	537
37	Republic Airlines, Minneapolis	36 prep.; 8.6 raw	78.1	1
38	State of Oklahoma, Purchasing, Oklahoma City	42.5	119	45
39	California Dept. of Rehabilitation & Correction, Sacramento, Calif.	42.5**	119	49
40	Adventist Health System Shawnee Mission, Kan	42.4	118.7	106
41	Chicago Board of Education, Chicago	39.5	110.6	586
42	Veterans Canteen Service, Washington, D.C.	36.3	101.6	175
43	State of Missouri, Purchasing, Jefferson City, Mo.	33.5	93.8	30
44	Unicare Health Facilities Inc., Milwaukee	33	92.4	342
45	Illinois Dept. of Central Mgmt. Services, Springfield, Ill.	32.9	92.1	86
46	New York State Office of Mental Health, Albany, N.Y.	30.4	85.1	40
47	Humana Inc., Louisville, Ky.	28.6	80	89
48	State of Connecticut, Purchasing, Middletown, Conn.	25	70	225
49	American Medical International Inc., Beverly Hills, Calif.	24.4	68.3	133
50	U.S. Dept. of Justice, Federal Prison System, Washington, D.C	23.6	66.1	45

WHERE DID THOSE NUMBERS COME FROM?

Food and beverage purchase figures were obtained from *R&I*'s "400" data bank. Giants were ranked on the basis of these purchases.

To derive the "commercial equivalency" values listed, a multiplier of 2.8 was applied to each Giant's purchasing figure. The 2.8 multiplier translates into a food cost of approximately 35.5%.

A multiplier of 1.5 was applied to airline's prepared-food and beverage purchases to reflect the markup already applied by catering companies. Raw food and beverage purchases by airlines received the 2.8 multiplier.

R&I estimate = operator estimate

INSTITUTIONAL GIANTS

Once upon a time, the salad consisted of chopped lettuce and, maybe, croutons. "Special" salads had shredded red cabbage and hard-cooked eggs tossed in for color; chef's salads were made by adding strips of Swiss cheese, ham and chicken. And the dressing was always Thousand Island. All are still popular today, but there have been many additions to the institutional repertoire.

Salads: Despite more innovative ingredients, lettuce still entertains a strong following.

Perhaps as a reminder of the days when the word "salad" meant little more than tossed greens on a plate, lettuce still remains the No. 1 ingredient in institutional salads. However, our Giants report that there is more than one way to serve the ubiquitous leafy green.

The prepared tossed salad, although a necessity in some operations, has taken a back seat to its trendier and more flexible cousin, the salad bar. Customers feel their selections are fresher when they personally choose them; they also feel more in control of portion size.

Several Giants—especially those serving the college and health-care markets—list the salad bar as one of their top sellers. Build-your-own salads also are a hit with U.S. military personnel. Lettuce's increased availability has made the salad bar a staple in many schools as well.

Taking the salad-bar concept one step further, some operations, such as Hospital Corp. of America's West Side Hospital, Nashville, have added fresh-fruit bars as an option for customers and employees. Baked-potato bars, such as those offered by U.S. Navy clubs, also have gained a loyal following in recent years.

Besides gaining a new appearance, today's Giants' salads also have a new role. Once considered only a first course or side dish, the revamped salad is now a popular entree.

Chicken, shrimp, pasta and the beefy taco salad rate high in the eyes of institutional customers. Although often still served on a bed of lettuce, these light entrees are appearing with increasing frequency on such diverse offerings as pita bread and tortilla shells.

What's become of the old standbys: coleslaw, gelatin, and potato and macaroni salads? They're still with us, playing essentially the same role they had 15 years ago. Some things never change.

This Salade Nicoise can be found in many of ARA's contract operations. Creatively composed entree salads are no longer new to institutional foodservice—they're *de rigueur*.

Entrees: Healthful eating trends go only as far as the customer that won't buy them.

There's no doubt about it. The light and healthful trend that swept through restaurants has blown into the institutional world with a gale force. But while the less-is-more tactic works in some markets, it just doesn't wash in others.

"You need to offer the 'light and healthy' for those people who want to eat that way," says Carol Carlson, vice president of professional services in the ARA Health Care and Nutrition Services Division. "The yuppy, white-collar crowd will eat light, but factory workers still like their meat and potatoes. What you offer depends on the clientele."

Consequently, most Giants try to offer a reasonable mix. ARA, for example, introduced its "Treat Yourself Right" program in March 1986, which was National Nutrition Month. Offered every day in addition to standard menu items, Treat Yourself Right selections meet American Heart Association guidelines for healthful eating. Other Giants offer similar alternatives.

But even foods not billed as healthful now are prepared using fewer fats and oils. Chicken is baked; fish is broiled. And many entrees are prepared using more seasonings and less salt. To reflect these lighter preparation techniques, many Giants' menus now show calorie counts and other nutritional information.

Carlson says that, as a result of this heightened nutrition consciousness among customers, foodservice workers must now be more informed about the foods they serve. "People are more knowledgeable about the foods they're eating," she says. "When they want to know what's in an item, it's our responsibility to tell them."

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Corporate dining's contemporary cuisine now rivals that of the finest restaurants.

Main dishes like mom used to make—home-style chicken, meats with gravy and tuna casserole—were once the main events in institutional foodservice. Wholesome and simple, these meals were nutritionally sound and tasted fine. But they lacked the flash of their commercial cousins.

INSTITUTIONAL GIANTS

Sandwiches: Any way you slice them, they're still America's favorite lunch.

While meat and cheese on white bread remains a standard offering in many Giant operations, these sandwich favorites have been joined by a host of new arrivals.

Croissants, kaiser rolls and pita bread —frequently baked in on-premises bakery facilities—have come into their own as white-bread alternatives. Looking between the slices, customers now find exotic fillings such as crabmeat and avocado.

Students in New York's public schools have several new sandwich varieties to look forward to in the coming year. Croissant pizzas and *frittata*-croissant combinations, to name a few, will appear on school menus in 1987.

But none of these newcomers have been able to outsell the omnipotent hamburger. Broiled or fried, served in quarter-, third- or, now more rarely, half-pound portions, the hamburger continues as the No. 1 seller.

Across the board—in schools, colleges, health care, and business and industry accounts, as well as in the Army, Navy, Air Force and Marines—*R&I*'s Giants have found burgers to be their best weapon against commercial competition. Many contractors, such as ARA and Canteen, offer grilled hamburgers daily.

However, customers cannot live by hamburgers alone. Operators have therefore become adept at marketing their other sandwich varieties as well.

Competitive merchandising, in the form of serve-yourself sandwich bars, is one way the Giants have taken on the outside world. Humana Inc.'s University Hospital, Louisville, Ky., offers employees a build-your-own-hoagie bar; other contractors feature similar events.

Because they're sold by weight, customer-built sandwiches often sell for a higher price than prepackaged types. One Giant observed that, given the opportunity, customers usually allot themselves more than the standard-size portion; furthermore, they don't mind paying more for the privilege to do so.

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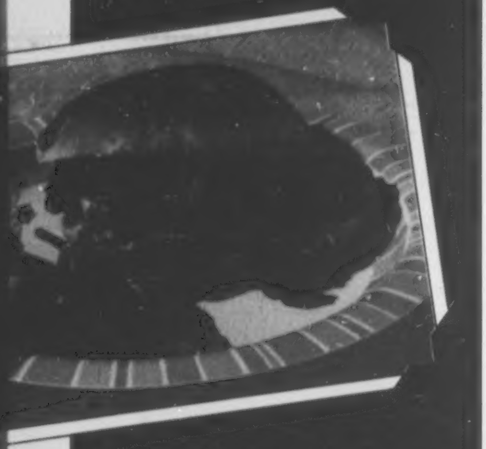
Today's sandwich fillings have gone to town. Customers don't have to look far for exotic combinations such as crabmeat with avocado and sprouts.



Yesterday's sandwiches were made with simple breads and buns. Ham or beef and cheese often lay between the two halves; chicken, egg and tuna salad were other common fillings. Turkey made its annual entrance in late fall, appearing solo or converting summer's BLT into a "club."

INSTITUTIONAL GIANTS

Ethnics: Broader menu-development horizons let operators offer the world's fare.

ISTORANTE
PA

Although operators in certain segments—hospitals and nursing homes in particular—still are limited by the requirements of their customers, most Giants now serve a wide variety of ethnic entrees. Italian remains a favorite, followed by Mexican and Oriental.

Pasta with tomato sauce used to be as ethnic as some institutions were willing to go. Elaborate promotions, sometimes to the point of excess, often accompanied these ventures away from the all-American meat and potatoes. But once spaghetti was established as familiar ground, operators quickly advanced to lasagna, then pizza, followed by tacos, burritos, chop suey and stir-frys.

There was a time when the adjectives "ethnic" and "Italian" were synonymous in institutional foodservice. Then came the taco and the egg roll, followed by burritos and stir-fried dishes. While Italian remains a strong seller, it has been joined by a host of other regional and international entrees.

Contractors have discovered that Cajun is an excellent addition to college and B&I menus. The Giants report that stir-fried chicken, beef and vegetables, sporting fewer calories than comparable entrees, have been well-received.

On a different note, ARA's International "Cafe Features" combine the popular baked potato with a variety of foreign flavors: Chinese chicken and almonds, Mexican beef and cheese sauce, and Italian sausage, pepper and onions.

Ethnic dishes—especially Italian and Mexican specialties—are a godsend for school-foodservice Giants. Tacos and pizza provide the perfect outlet for U.S. Department of Agriculture commodities such as beef, cheese, tomato paste and flour.

A USDA recipe-revision project has helped further this cause. Besides modifying present school-lunch formulas, the project also is tackling new items, including recipes for burritos, tamale pies, nachos and taco salads.

Currently, students in the Los Angeles Unified School District dine on Mexican dishes such as *chalupas*, tostadas and tacos; in Detroit, Italian ravioli, lasagna and manicotti are particularly hot sellers. New York's schools are offering gyros and pirogi.

Even in hospitals, where hot spices and seasonings generally are taboo, ethnic entrees are catching on. Unicare Health Facilities Inc. has been testing Cajun, Mexican and other specialties at various locations; officials at the New York State Office of Mental Health cite many types of ethnic foods as patient favorites.

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INSTITUTIONAL GIANTS

Presentations: Institutions go for the gold. And silver. And crystal.

There was no mistaking the institutional presentation of the past. Though long on nutrition, these meals often came up short in the appearance department; serving logistics were usually to blame. A shift towards self-service, coupled with the addition of simple garnishes, have helped ease the institutional meal away from its mundane existence.

As illustrated, the Giants' serving techniques have come a long way in the past few years. Once blatantly institutional, many presentations now are indistinguishable from those in commercial fine-dining establishments.

Canteen's Harris Bank account provides a prime example. To capture bankers who might take their clients elsewhere for lunch or dinner, the bank's executive dining room must offer meals equal or superior to those found in nearby restaurants.

General Manager Arnulf Rixecker must ensure that each meal served meets bank standards for quality and appearance. His talent for artful presentation is now evident to others besides Harris employees. The bank recently agreed to let outside businesses host evening meetings and dinners in Rixecker's dining room.

Granted, many Giants can't provide picture-perfect presentations every time. Hospitals must contend with the time lapse between when patient meals are put on plates and when they actually are served; in schools, speed is an important consideration.

When ARA added taco salads to its patient menus, the problem of soggy tortilla shells arose. The time lapse between when the salad was put on the plate and when it was served was to blame. Rather than risk the problems of poor appearance and patient complaints, the contractor opted to surround the salad with tortilla chips.

In schools, the Giants have come to rely on promotional devices such as decorative plastics and posters to enliven their presentations. Theme days featuring ethnic foods or holiday specialties, as well as the American School Food Service Association's National School Lunch Week provide a wide range of opportunities.

Giants' menus also have lost their institutional look. Neon boards, colorful menu clip-on cards and eye-catching table tents, all of which have their roots in the commercial sector, now appear regularly in institutions' cafeterias.

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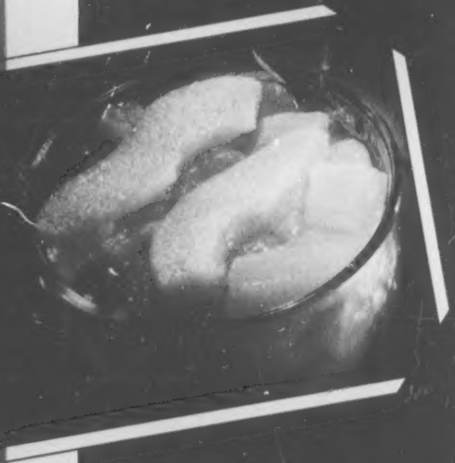
Today, restaurant-style table tents set the mood at many an institutional table.

INSTITUTIONAL GIANTS



Virtually unchanged throughout the years, the fruit cup has been an institutional dessert staple for a very long time. Other sweets with a past include two kinds of cake (chocolate and white) three kinds of pie (apple, cherry and chocolate), and two puddings—chocolate and vanilla.

Desserts: The light-and-healthful buck stops here as customers clamor for more sugar.

On-premises baking facilities, premium brand-name ice creams and baked goods, and mobile dessert carts, each represent a tactic employed by the Giants to satisfy their customers' collective sweet tooth.

Freshly baked breakfast rolls, cookies, cakes and pies are hot sellers in Giants' hospitals and B&I operations. In fact, many in-house bakeries have proven quite profitable. Customers buy not only for their immediate needs, but for use at home as well.

In certain hospitals, dessert carts have helped sweeten the stays of many patients. Patients on regular diets can select from a variety of premium cakes, cookies and pies wheeled in on a cloth-covered cart.

On college campuses, contractors are offering a wide selection of name-brand sweets. Despite competition from these pricy selections, the old dessert favorites—chocolate cake, chocolate pie and chocolate pudding—are still going strong. Build-your-own-sundae bars are also a hit.

Of course, there are always those customers looking to reduce their caloric intake. For these health-conscious consumers, most Giants offer reduced-sugar recipes and dessert alternatives such as fresh-fruit cups.

The controversy over whether to serve sweets to school children was solved with ease by Chicago Public School officials. A program designed to increase cookie revenues was followed up with brochures outlining the desserts' nutritional contents.

Now carrot takes the cake, and pudding is known as mousse. This decade also has seen fresh fruit blossom into a dessert for the '80s.

RESTAURANTS & INSTITUTIONS

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Captain D's
A great little seafood place.

Captain D's says response to its grilled flounder exceeded expectations.

wealth in tomatoes and the high pure protein value of a half cup of refried beans.

The nutritional information burst is part of TacoTime's new menu. It aims at showing off the variety of its offerings under the topping. "It's time you broke out of your shell."

Captain D's Sets Sail with Grilled Flounder

Captain D's believes non-fried fish will be a major part of the future for fast-service seafood restaurants. To prevent being left in the past, the division of Shoney's Inc. has developed the grilled flounder dinner, its first non-fried fish item.

Frank Brown, president of the Captain D's division, says a 90-day test of the dinner was completed Dec. 31. "There was great response," Brown says. "It exceeded what we expected. The dinner generated both new customers and offered an alternative to our established customers." The dinner will be back in the spring—probably permanently.

For $3.79, diners receive 6 to 6.5 ounces of grilled flounder served on a bed of rice. Green beans, hush puppies, a lemon wedge and a side salad accompany the meal.

While Captain D's is looking to add other non-fried fish items, Brown says Captain D's has no intentions of discarding its fried fish items. "They're still our strongest sellers," he says.

—Howard Schlossberg
—Brad Stratton

■ R&I DATA

AVERAGE MENU PRICES: HEARTY HOTEL HIKE

R&I tracks average selling prices for a variety of menu items at restaurants across the country. The latest survey results show the hotel and motel segment boosting prices moderately on most items, while full-service and fast-food average prices dropped a bit.

Item	Full service	Fast food	Hotel/ motel	North-east	South	North Central	West
Beverages:							
Coffee	$ .60	$ .49	$ .83	$ .70	$ .69	$ .59	$ .58
Iced tea	.65	.59	.87	.83	.69	.64	.65
Soft drinks	.72	.61	.94	.85	.74	.73	.71
Beer	1.48	1.31	1.75	1.69	1.93	1.34	1.50
Wine (glass)	1.63	1.75	2.06	1.93	2.06	1.61	1.90
Sandwiches:							
Hamburger	2.87	1.48	4.00	3.43	2.77	2.47	3.46
Cheeseburger	2.94	1.60	4.28	3.80	3.10	2.76	3.39
Ham & cheese	2.63	2.24	3.72	4.23	2.46	2.40	2.60
Club	4.13	3.40	4.30	4.74	3.62	3.43	4.15
Fish	3.24	1.81	4.22	4.24	2.11	2.18	2.82
Chicken patty	2.63	2.00	4.42	3.78	3.25	2.06	3.17
Other:							
Chili	1.87	1.57	2.34	2.14	1.49	1.58	2.47
French fries	.90	.69	1.11	.98	.94	.81	1.03
Scrambled eggs	1.84	1.36	2.68	2.87	2.20	1.54	2.37

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■ TESTINGS

BURGER KING®

BURGER KING UNLEASHES BURGER BUNDLES

Burger King has begun a test of a new smaller burger, called Burger Bundles, in selected markets. It comes hand in hand with a new ad campaign, "The best food for fast times" . . . Columbus, Ohio-based Max & Erma's is testing delivery service to hotels in Indianapolis . . . Barry Zack's, former chairman of Max & Erma's, has opened a pilot Jeep Dogs unit in Columbus, Ohio . . . El Pollo Asado, the 36-unit fast-food chain that charbroils its chicken, is testing delivery . . . Famous Restaurants, operators of Garcia's Mexican restaurants, has started a third concept, the Caribbean Grill . . . Dobbs House's pizza-delivery concept, De Pizza, is now up to 23 units . . . The first Church's Fried Chicken located in a 7-Eleven convenience store has opened outside New Orleans . . . Sizzler is testing a chili bar tacked on to its popular salad bar while Ryan's Family Steak Houses Inc. is testing ice cream on its volume-boosting Mega Bars. ***—H.S.***

&RESTAURANTS
INSTITUTIONS

■ R&I DATA

LABOR COST INDEX: ASSISTANT MANAGERS GAIN SOME RESPECT

Perhaps in response to the growing labor shortage and turnover problems facing operators nationwide, all four regions in the commercial segments reporting in the February survey offered higher starting wages to manager trainees.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	$27,941	$27,702	$30,512	$27,664	$30,055	$26,849
Manager*	21,252	17,137	20,455	19,894	18,640	20,705
Asst. manager*	18,705	16,963	16,084	16,953	16,404	18,659
Mgmt. trainee*	15,423	15,389	12,750	15,429	13,320	17,250
Cook**	279	217	211	251	223	254
Dishwasher**	180	152	161	161	146	182

Key: *annually **weekly

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■ HUMAN RESOURCES

Phillips Has Seasonal Training System Down Pat

Classes and job structuring get staff up to speed.

Imagine a resort restaurant at its peak season, mobbed with hungry customers. Yet fully one-third of the employees are new to the job. Sound like a restaurant manager's nightmare?

Phillips Seafood Restaurants Inc. copes with this situation every summer when business takes off—particularly in its resort locations in Ocean City, Md. Management begins the gargantuan job of screening and training hundreds of college students every February. The goal: to be fully staffed by May 1.

Two-day training sessions introduce future servers to Phillips' thick employee manual, which explains everything from the meaning of "jfs" (jumbo fried shrimp) to the correct way to greet a customer. Customized audio-visual presentations supplement the instructor's explanations.

Trainees who haven't mastered the material after taking two written tests will probably re-enter the ranks of the unemployed. Those who successfully complete training are encouraged to start a part-time work schedule so they will have some experience under their belts by the time the season begins.

Job structuring eases some of the training burden, at least for kitchen workers. In Phillips' main Ocean City restaurant, which seats a whopping 1,350 people, a central kitchen staffed by year-round employees prepares seasoning mixes, sauces and such items as crab cakes for five line kitchens plus two other Phillips restaurants. "We try to give workers at the line level a package deal—that's the only way to turn out a consistent product," says Lloyd Byrd, regional manager.

Because their jobs defy simplification, servers present a greater training challenge. "We have 11 dining rooms in our Ocean City operation and servers have to run several different places to get appetizers, drinks and so on—it's hard for new ones to get their timing down and not get lost," says Byrd. Servers also have difficulty answering some of the questions—"Are these crab cakes made of back fin? Where did the clams come from?"—asked by the discriminating Eastern Shore customer.

Beyond encouraging servers to educate themselves by asking questions of managers and referring to the manual, Phillips has developed a new job category called "ambassador." When a problem comes up, a server still wet behind the ears can turn to this liaison between kitchen and dining room.

To make sure customers don't suffer while new hires are learning the ropes, Phillips assigns only three or four tables to each server. *—Tom Lydecker*

KEEPING RESORT WORKERS UNTIL SEASON'S END

■ Give preference in hiring to workers who come early in the season and stay late.

■ Be frank with prospects about any bad points of the seasonal job. Otherwise, they may become disillusioned and quit when you need them most.

■ Throw a party or two for employees during the season.

■ Get seasonal workers together occasionally to talk about their special problems.

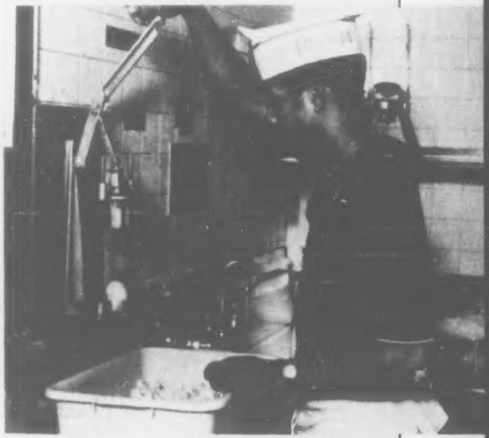
■ In high-cost resort areas, consider renting or arranging low-cost housing for seasonal workers who are not local. A generous meal plan will also help them economize.

■ Offer seasonal workers a cash bonus if they'll stay until the end.

■ Develop an incentive plan to encourage seasonal workers who have performed well to return next year.

■ Debrief departing employees at season's end to find out how to do better next time.

A summer employee squeezes lemons for Phillips' seafood lovers.



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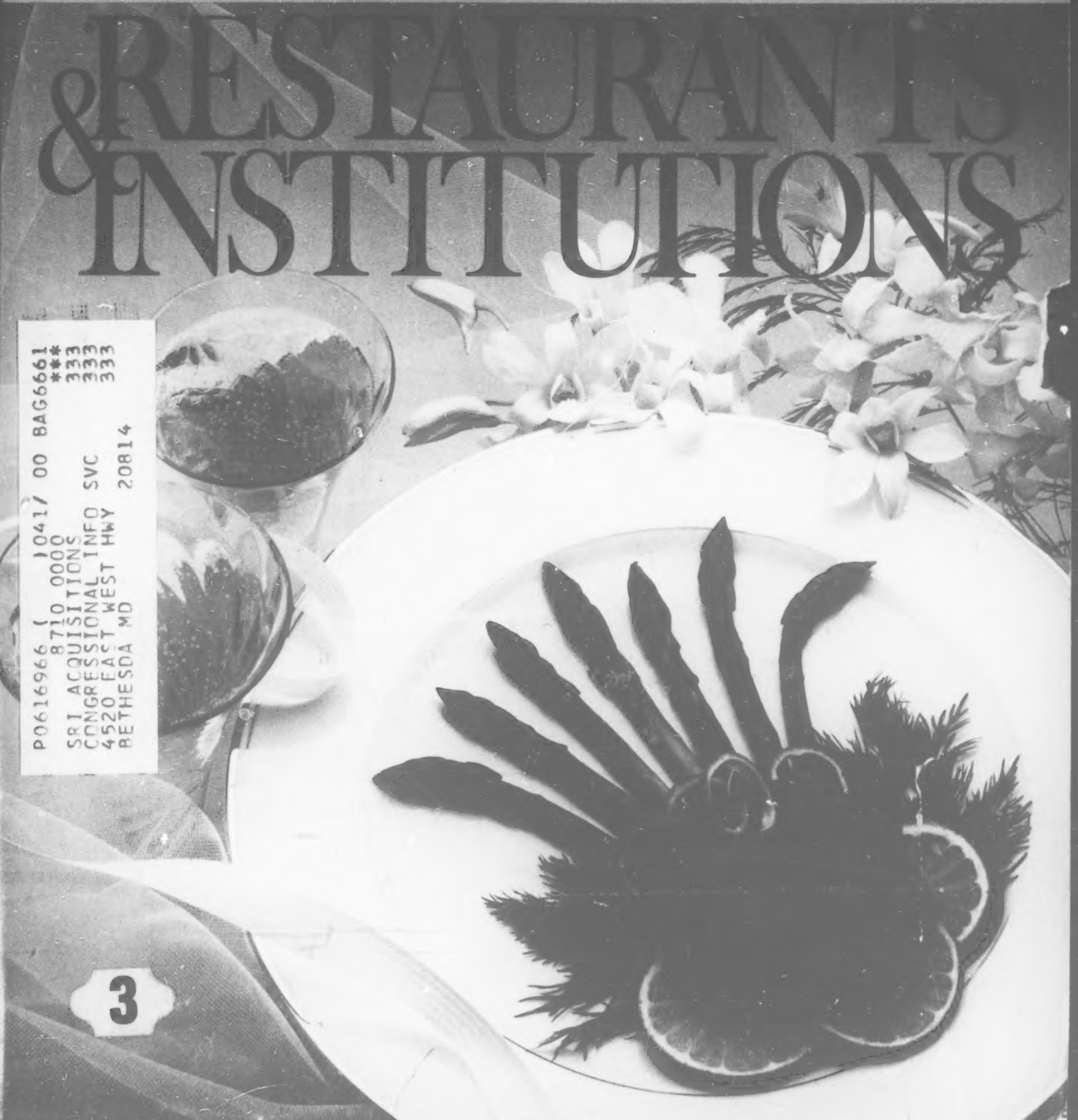

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R&I DATA

FOOD COST INDEX: MARKET-BASKET TOTAL FOR APRIL END IS $106.04

Only an estimated 78 million pounds of regular cut green beans, representing 36% of the available supply, were shipped in the first half of the 1986-87 marketing year. That is 24% less than moved in the first half of 1985-86. Coffee imports from Brazil continue to run nearly 50% lower than a year ago.

		% change	
	4/87	3/87	4/86
Hamburger (lb. 85% lean)	$1.24	4	-2
Chicken (lb. cut for frying)	.80	-10	-5
N.Y. strip steak (lb./avg.)	3.65	14	24
Bread (Pullman loaf)	.83	2	2
Lettuce (iceberg/head)	.54	6	17
French fries (30 lb.)	10.57	-14	-9
Tomatoes (lb.)	.51	-12	-11
Milk (gal.)	1.76	2	-16
Eggs (doz.)	.69	-8	-8
Peaches (case/#10)	17.56	-4	-1
Peas (case/#10)	12.74	-3	10
Frozen beans (30 lb.)	15.39	9	9
Ice cream (vanilla/gal.)	3.41	9	3
Butter (lb.)	1.68	-9	—
Cheddar cheese (lb.)	1.57	-6	—
Sugar (100 lb.)	28.32	-12	-5
Coffee (lb.)	3.04	1	12
Breaded fish portions (lb.)	1.74	-8	23

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FOOD PRICE UPDATE

A Couple of Fish Stories

USDA buys $1.7 million worth of pollack nuggets; Tilapia comes to New Jersey; Salmon runs are back.

School children across the country soon will be enjoying Alaska pollack nuggets. Since October 1986, the U.S. Department of Agriculture has been involved in a pilot program that has purchased approximately $1.7 million worth of pollack nuggets for the nation's school-lunch program.

These purchases are part of the USDA-run Surplus Commodity Program. Under this plan, the USDA can buy for, and distribute food products to, certain public institutions.

Catfish and crawfish farmed in the South are well-known, but would you believe tilapia in downtown Elizabeth, N.J.? The Port Authority of New York and New Jersey, and the New Jersey Deparment of Agriculture are cooperating in the fish farming tryout, with 10,000 to 12,000 fish growing in tanks to go to market soon. Tilapia has pale firm flesh and a delicate flavor.

Old-fashioned salmon runs are back in Washington state. Fisherman gloat over huge catches this fall in the Columbia River and inland waters. Commercial chinook nettings are larger than any autumn since the Bonneville Dam was built and coho catches may exceed the huge harvest of 1925. Fishery officials say silt control, management of harvests by Washington, Alaska and Canada, and other measures to encourage fish population growth are working. Meanwhile more and more fishing and clamming spots off Long Island are closed because of polluted waters. Striped bass have been scarce for a year or longer and clams are more expensive and hard to find in markets. —***Kathleen Marshall***

The price of bread remains constant with last month's figure of 83 cents, which was also the price of bread one year ago.

TASTE

Wedding planners strive to hold the bridal couple's hands without stepping on any toes.

It was a second marriage for both bride and groom, and everyone was to eat the wedding dinner at one large table.

Just one problem: The bride's teenage children refused to sit with the groom's offspring. "The mother was out in the hall, yelling at her kids to please grow up. It was embarrassing for the service staff. What can you do in a situation like that?" sighs Del Suguitan, catering director for the Mayfair Hotel, Chicago.

No question about it—weddings are more loaded with emotion than the average corporate affair. Hotels, restaurants and caterers who handle them become consultants not only for food, but for flowers, entertainment and all the other trimmings.

Because of the hand holding required to plan a wedding, some operators do not actively solicit this kind of business. "Only about 15% of our business is weddings now—we're much more into corporate events," says Tom Campbell of McDuff Catering Inc. in Indianapolis. "It's right up there with bar mitzvahs in terms of the concern for detail," agrees caterer Gary Wisotzky.

Just about everyone who handles wedding receptions does so in part because they revel in getting those minute details right. "I love working with people who are planning one of the happiest times of their lives," says Pearl Smith, owner of Art Wedding and Catering Service, Houston.

Because of its location, in Pompano Beach, Fla., Contemporary Caterers gets a mix of clients originally from other places. "People often want to recreate the things they saw while growing up," says Owner Gary Wisotzky.

One bride was determined to serve a particular kind of sausage eaten at the Minnesota weddings of her childhood. Another, from New York City, insisted on natural and *nouvelle* all the way—from coffee decaffeinated by the Swiss water process to sushi. Wisotzky complies with such requests whenever possible, but adds, "If the menu seems to be getting out of hand, I encourage the bride to choose food to satisfy the majority."

Bridal couples need help not only in planning but in carrying out the reception. In line with the return to tradition, bouquets are being tossed, cakes cut and champagne toasts made, but the order of those events is up for grabs.

"Couples want to include all the traditional elements, but there's a lot of flexibility in when they happen," says wedding planner Jeanne Griffith. She likes to help couples select a band leader personable enough to act as master of ceremonies as well as conductor.

All the planning in the world can't prevent an occasional catastrophe. Every wedding planner has a story about a tearful telephone call from a family member, canceling the wedding.

Even more disconcerting was the couple who split up while caterer Gary Wisotzky and his crew were still loading their truck. "The groom was philosophical—he said he knew it wouldn't last," says Wisotzky. "I was just relieved that they'd already paid their bill."

HOT HONEYMOON DESTINATIONS*

Domestic	%
Florida	**16.1**
South	**14.8**
Northeast	**12.3**
North Central	**8.6**
Pennsylvania	**8.0**
West	**7.7**
Canada	**5.7**

Foreign	%
Hawaii	**14.2**
Other	**10.9**
Virgin Islands	**9.9**
Bahamas	**7.7**
Mexico	**7.3**
Europe	**7.3**
Jamaica	**4.9**
Canada	**4.4**
Bermuda	**4.1**

*Figures supplied by *Bride's Magazine*. Regional U.S. percentages exclude California, Florida and Pennsylvania. Foreign destinations include U.S. destinations outside the continental United States.

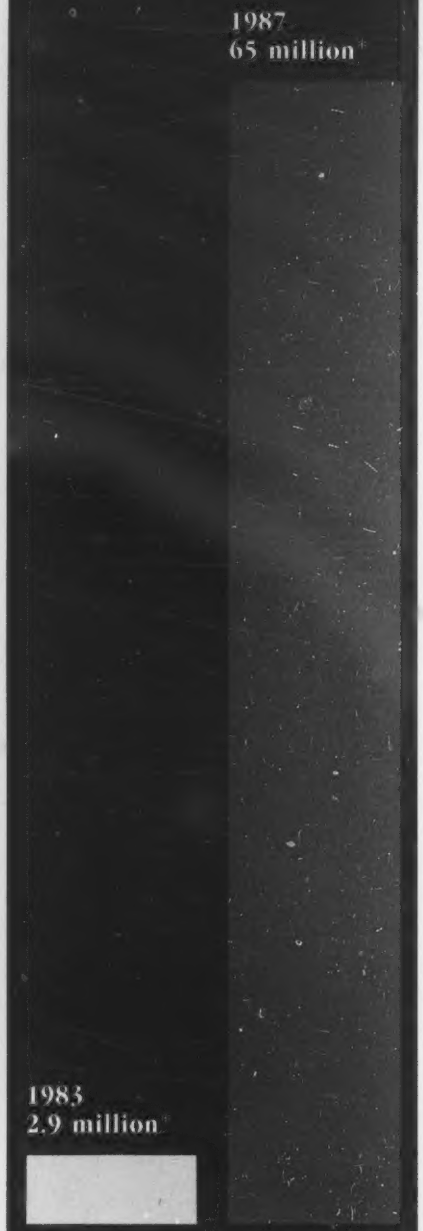
Caterers and restaurants serve wedding feasts in all kinds of places—including the open-air setting of this wedding meal.

LIQUID ASSETS

R&I DATA

GROWTH OF WINE COOLERS

Wine coolers are the new product phenomenon of the '80s. Variety is now exploding.



cases shipped.

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Wine coolers introduce new drinkers to the taste of wine.

The Snuggery in Schaumburg, Ill., which caters to the young professional, says their strong wine cooler market is in the 27-to-31 age group, giving about a 60% female to 40% male spread. Out of a four-group drink category consisting of light beers, mixed drinks, wine coolers and regular wine, wine coolers place third in popularity, according to the bartender. Men seem to stay with the light beers as opposed to trying the wine coolers, which seem to have caught on with the young women.

In Lake Country, Ill., the coolers are so popular that they are served on tap in some bars along with the bottled version. "The women like them because they're light and low in calories," reports the bartender. "Not many men drink them, maybe only about 10% to 15% of male drinkers."

Another market that seems fairly open to the cooler phenomenon is tourist trade. At the Copa, a bar in the resort town of Key West, Fla., tourists of all ages order them. Men and women order them equally. There is no overwhelming demand for them, but the bar will serve a white wine and fruit juice or seltzer on request.

The large cooler companies are still researching the market for wine coolers. While the slant seems to be heading toward the younger woman, some companies are insisting that the market is crossing all social and economic barriers. The millions of dollars spent each year in advertising coolers is attempting to create new markets. One of the images that all of the companies need to overcome is that the cooler is just a hot weather purchase and that it should be consumed all year. In television commercials, people are shown sipping wine coolers with cinnamon sticks in the middle of a snowstorm.

America has had a fickle and unpredictable reaction to the wine market. It is doubtful that anyone would have predicted that wine coolers would have become one of the most important new products in the wine and spirits market in the last 25 years. There is currently a wealth of information about where the market is going and what the public wants. A clear understanding of who drinks wine and wine products is still needed. Most wine companies feel wine coolers are a good introduction to the wine drinking category.

So far, the wine cooler has been for young women.

While the market may still not be clearly defined, one thing is certain: wine coolers are here to stay. The wine cooler industry itself is approaching $1 billion annually. It is one of the saving factors in a California wine market, where the sale of wines is flat. Beer companies who have been hurt by the cooler sales are starting to fight back with beer-based, fruit-juice-enhanced drinks. Distilled spirit companies are doing the same with spirit-based coolers. But, despite the fact that there are more than 100 different licensed cooler brands in the country, it is still a volatile and fickle marketplace.

—Marilyn Stoltis

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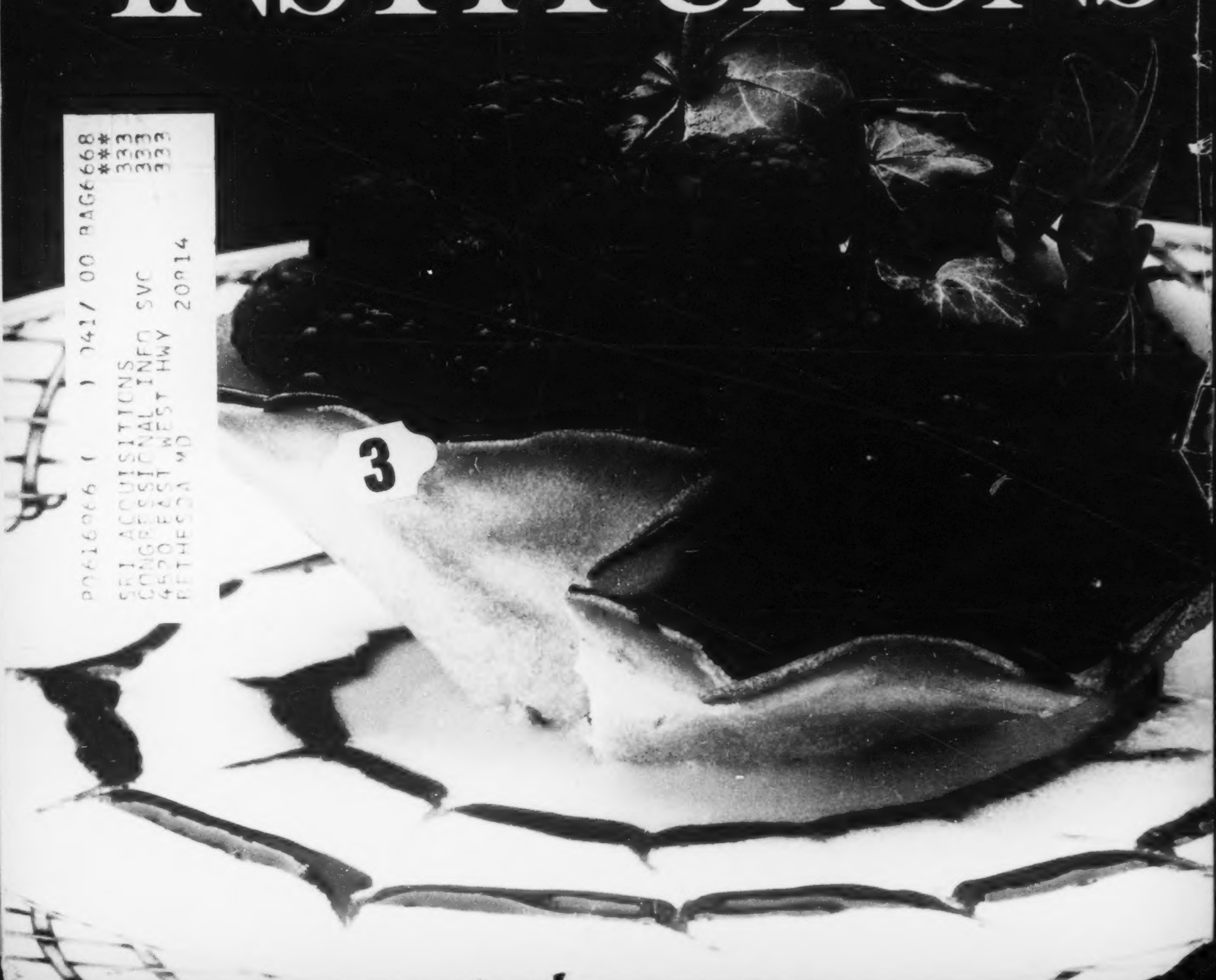

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RESTAURANTS & INSTITUTIONS

ECONOMIC EXPERTS

Lodging Industry Inches Ahead

East, Southeast occupancy rates outpace the rest of the country.

According to Laventhol & Horwath, information gatekeepers for the hotel industry, the lodging industry had a "fairly good year" in 1986. Hotel occupancies averaged 64.7% in 1986, 0.5% higher than in 1985.

Regionally, the East experienced substantial gains, while the Central and Western regions did not.

Occupancies in Southeastern hotels increased to 67.6%, 4.5% above 1985. Hotels there did especially well in resort areas, where occupancies jumped 4.8%.

In the Northeast, occupancies rose to 74.1%, 3.6% better than in 1985. Central city hotels fared best in this region, as occupancy rates increased 5.3%.

In other regions of the country, however, occupancies fell over the year. The largest decline was in the South Central, where occupancies fell to 54.3%, 4.4% below 1985.

The National Restaurant Association (NRA) estimated 1986 hotel food and beverage sales at $11.7 billion, up 7.6% from 1985, or 3.7%, after price changes are removed. According to Laventhol & Horwath, however, food and beverage operations within hotels experienced a flat year overall. The number of covers served declined 0.6%, while food and beverage sales per occupied room and the average receipt per cover each rose slightly. The net effect was a 2.2% increase in food and beverage sales. The discrepancy between NRA and Laventhol & Horwath data can be explained by the growing number of hotels.

Although consumer demand continues to increase, the net increase in new hotels is outpacing demand, thereby threatening the solvency of foodservices within individual hotels. Differences in food and beverage sales by location and type of hotel provide a good look at what is successful. Laventhol & Horwath's 1986 data indicated that regional food and beverage sales followed the same pattern as hotel occupancies: sales performed best in the Northeast and Southeast.

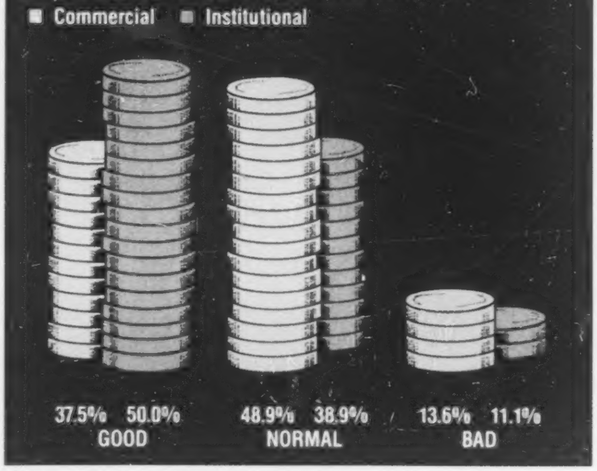
Independent and resort hotels had the highest food and beverage sales per occupied room in 1985 and 1986. Independent hotels averaged sales of $53.26 per occupied room; resort hotels averaged $50.21. This compares to an overall average of $35.42. —***Kim Kennedy***

Kim Kennedy is a member of Cahners Department of Economics.

R&I DATA

SALES NOW: COMPARED TO LAST YEAR

At this time last year, only 1.4% of institutions reported bad sales. This year, however, 11.1% responding in March said sales were bad, up from 8.6% in February. Nursing homes and employee feeders appeared to be having the most difficulty stimulating sales. On the commercial side, March 1987 sales figures were down by only one or two percentage points from 1986. Fast-food appeared to be struggling as 18.8% reported bad sales.



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Despite the increased importance of business travel, hotel occupancy rates remain highest in popular resort areas. The highest rates include: Hawaii, at 86% occupancy in 1985; and Disney/Kissimmee near Orlando, Florida, at 72% occupancy.

New York City continues to top the list of cities with the highest hotel room rates, averaging $95.36 in 1985. Other astounding rates: San Juan, Puerto Rico, at $90.03; San Francisco, at $88.87; and Boston, at $85.41.

ior vice president of the $62 million, 58-unit company headquartered in San Francisco.

While Andereck says the 105-seat T. Bones may never be a $2 million to $3 million unit, the return on investment is much nicer.

And even though red-meat consumption is sagging, "prime cuts are up," says Andereck, especially tenderloin, sirloin and strip. The restaurant's namesake meat and fillets are the top sellers.

The new unit targets the type of clientele one would expect to find in Beverly Hills—the young professional. The built-in patron base and the new upgraded, red-meat-oriented menu have produced increased revenues although guest counts have remained relatively the same.

The unit decor resembles that of a traditional Chicago-type steakhouse, with masculine appeal. There is no "tea room" image at T. Bones. That was done deliberately, says Andereck, to attract a male-dominated audience.

The bar does 21.4% of volume, and 75% of the bar business is in beer and wine. The customer who comes to T. Bones tends to drink wine, Andereck notes.

"Rather than get the market to adapt to our restaurant, we're getting the restaurant to adapt to the market," Andereck says of the strategy for the young concept. "Beverly Hills became a financial and corporate district rather than a shopping district."

Andereck projects first-year annual sales of nearly $1.3 million for the Beverly Hills T. Bones restaurant. There are no plans to erect another one anywhere else as yet.

"That was a specific prescription for an identifiable ailment," Andereck says. —*Howard Schlossberg*

Magic Pan is getting great results out of its T. Bones in Beverly Hills, Calif.

R&I DATA

AVERAGE MENU PRICES: SANDWICH PRICES FLUCTUATE

R&I tracks average selling prices for a variety of menu items at restaurants across the country. The latest survey results show that fish sandwich prices are on the increase and chicken prices are on the downswing, reflecting current availability conditions.

Item	Full service	Fast food	Hotel/ motel	North-east	South	North Central	West
Beverages:							
Coffee	$ .66	$ .53	$ .73	$ .63	$ .70	$ .61	$ .64
Iced tea	.70	.61	.73	.72	.69	.68	.68
Soft drinks	.77	.64	.90	.82	.75	.76	.76
Beer	1.71	1.18	1.75	1.46	1.63	1.70	1.70
Wine (glass)	1.75	1.33	2.68	3.34	1.78	2.15	1.68
Sandwiches:							
Hamburger	2.81	1.74	3.82	2.74	3.07	3.23	2.95
Cheeseburger	2.89	1.94	4.33	2.85	3.27	3.53	3.60
Ham & cheese	3.11	2.37	4.11	2.93	2.78	3.42	3.81
Club	4.13	3.07	4.44	4.05	3.71	4.13	4.53
Fish	2.90	1.74	4.60	2.55	1.90	3.18	3.76
Chicken patty	2.34	2.47	3.60	2.27	2.30	3.28	3.20
Other:							
Chili	3.20	1.77	2.79	2.00	1.46	2.00	2.03
French fries	.95	.83	1.06	.93	.96	.96	1.00
Scrambled eggs	1.36	1.66	2.57	2.00	1.73	2.39	2.22

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CONSUMER'S CHOICE

THE RICHES OF PASTA

According to *Restaurants & Institutions'* study of consumer eating habits, ordering a pasta entree is most popular among households with incomes of more than $60,000. Fully, 31.5% of the repsondents in that income bracket like to order pasta entrees. The percentage decreases as income level decreases, falling to 9.4% among those with yearly income less than $12,500.

—*Jeff Weinstein*

Video teaches selling techniques to servers and bartenders at Marlowe's Restaurant in Denver.

MOTIVATE SERVERS TO SELL

■ Train servers thoroughly in selling techniques—both to make certain they're doing it correctly and to show that the company is willing to invest in their sales skills.

■ Point out to servers that they're working on commission, as surely as an automobile or insurance salesperson. A $40 check for a party of two, for instance, will result in double the tip of a $20 check.

■ Set ppa (per-person average) goals; monitor progress of individual servers and of the operation as a whole.

■ Check the sales totals of servers and bartenders regularly and compliment them, on at least a 3-to-1 basis, for better than average sales.

■ Recognize the sales achievements of servers at staff meetings and other functions. "Most improved" should be among the awards given.

■ HUMAN RESOURCES

Mastering the Art of Selling Menu Items

Servers who understand sales psychology can boost restaurant sales and send their own tips soaring.

Friendly, knowledgeable servers who suggest suitable food and beverages at each stage of the meal can boost check averages, resulting in bigger tips for themselves and higher profits for restaurant owners. Suggestive selling pays off especially well with appetizers, side dishes, desserts, cocktails and wine—items that customers might otherwise omit from their meal.

Jim Sullivan, vice president of Penguin Productions in Denver, says restaurants using his company's training film on suggestive selling have increased gross sales by 10% to 30%. He recommends a four-step approach.

First, servers must develop a selling attitude, by thinking of themselves as sales people—not just order takers.

Second, servers must familiarize themselves with both the menu and daily specials. They should know how to create mouth-watering, mental pictures of every menu item: "The seafood gumbo casserole? It's six ounces of fresh King crab and shrimp with snow peas, tomatoes, basil and just a hint of garlic, and it comes with a salad."

Third, the skilled suggestive seller guides customers in menu choices—not by forcing the same idea on every customer, but by observing customers closely and asking questions to determine which suggestions are most appropriate. An overweight customer might welcome the suggestion of a fruit cup more than encouragement to eat a rich dessert.

Suggesting several premium brands of liquor not only assures the customer of quality, but results in the sale of a higher-ticket item. To create trust by customers, however, servers should pull most of their suggestions from median-priced menu items.

Menus, wine lists and table tents are the server's props in the selling job. As an item is described, the server should lean over and point it out on the menu so that the customer can see the written description and price.

The fourth step in suggestive selling is use of the right words. Asking customers whether they want appetizers invites rejection. Instead, the server should assume the sale: "Have you had a chance to look over the appetizers on the menu? The onion rings and chicken fingers are my favorites—which may I bring you?"

—***Toni Lydecker***

■ R&I DATA

LABOR COST INDEX: UNIT MANAGERS MAKE GIANT STRIDES

Commercial unit managers in all four regions of the country reported receiving sizeable salary increases in the March survey. Raises during the period ranged from 9.4% in the North Central to a very healthy 18.7% in the West.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	$28,022	$27,748	$30,491	$28,114	$30,137	$26,885
Manager*	23,477	18,918	22,568	24,464	22,913	21,567
Asst. manager*	19,489	18,825	17,987	16,403	19,156	17,010
Mgmt. trainee*	15,429	15,278	15,071	15,857	14,974	18,543
Cook**	263	222	196	227	217	237
Dishwasher**	175	160	157	156	156	168

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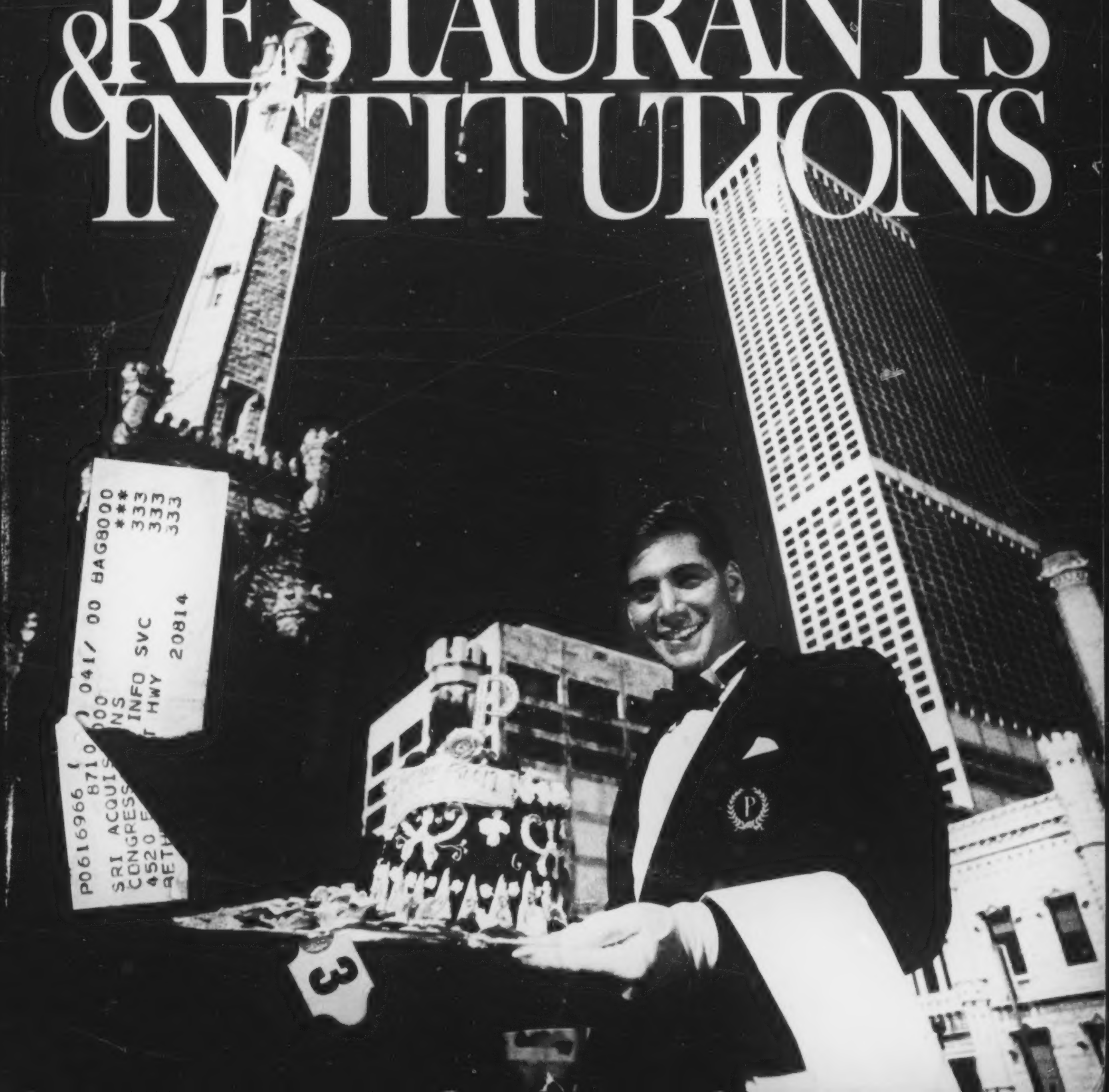

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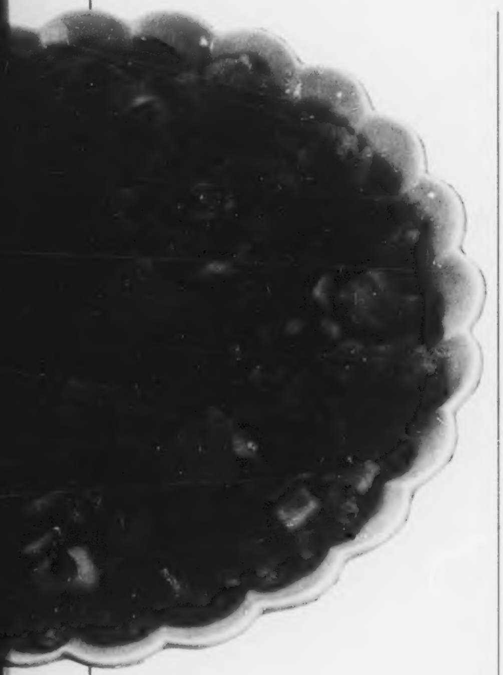

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*A special section for commercial operators only.

Real Dairy Discoveries, a service of American Dairy Association, follows page 142.

MENUS

R&I DATA

FOOD COST INDEX: PRICE DECREASES KEEP MARKET-BASKET TOTAL LOW

Market-basket total for May is $103.37; year ago $104.03; month ago $106.04. Poultry shows the largest increase this month, 30% higher than April. Tomatoes also show a large increase in cost, up 22% from last month's 51 cents. Largest decrease shown is for breaded fish portions. This month's figure of $1.27 is down 27% from last month's $1.74. Peas show second largest decline; down 20% from last month.

		% Change	
	5/87	4/87	5/86
Hamburger (lb. 85% lean)	$1.26	2	- 1
Chicken (lb./cut for frying)	1.04	30	27
N.Y strip steak (lb./avg.)	3.56	- 2	18
Bread (Pullman loaf)	.75	-10	- 5
Lettuce (iceberg/head)	.55	2	10
French fries (30 lb.)	11.06	5	- 8
Tomatoes (lb.)	.62	22	5
Milk (gal.)	1.64	- 7	- 7
Eggs (doz.)	.71	3	-10
Peaches (case/#10)	18.49	5	- 6
Peas (case/#10)	10.14	-20	-26
Frozen beans (30 lb.)	16.31	6	1
Ice cream (vanilla/gal.)	2.80	-18	- 8
Butter (lb.)	1.53	- 9	—
Cheddar cheese (lb.)	1.54	- 2	—
Sugar (100 lb.)	27.25	- 4	7
Coffee (lb.)	2.85	- 6	- 6
Breaded fish portions (lb.)	1.27	-27	-11

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FOOD PRICE UPDATE

Fruit, Veggies and Chicken Make the News this Month

Stawberry harvest looks good, while chicken remains in demand.

Squash is becoming a very popular vegetable. Frieda Kaplan, Produce Specialties, Los Angeles, says the microwave has made squash a mass-market item. "Many of the squashes marketed as exotic or different are 'sports,' crazy mutations that sprang up when a careless gardener strew seeds. A generation ago, stringy spaghetti squash would have been unacceptable," explains Kaplan.

There are approximately 16,000 acres available for strawberry harvest in California this year, up 3% from 1986 and 10% more than 1985. The harvest was halted by frost in mid-January, which delayed the bloom.

Florida crops appear to be in excellent shape, with the area for harvest up a substantial 27% from last year. There have been no freezes in growing areas this year and the crop is reportedly disease free. Rain and hail, in early March, in Southern California sharply reduced availability. Supplies increased substantially over the next few weeks with temperatures remaining warm. Most shippers in central California started around March 15 as the harvest got underway.

Increased demand for chicken and related products has continued strong since March 1984 and the outlook calls for further increases. Another 4.1 million pullets were placed into supply flocks during January—up a substantial 20% from a year ago, indicating that producers are still expanding their flocks. Demand from further processors and fast-food restaurants has remained brisk and is expected to increase as more new poultry products are developed and introduced.

Current fad foods include country-style foods, jalapeño peppers, onions and blackened meats. Jalapeño peppers have taken over where raspberries used to reside. Onions used to be labeled by color, they are now "starred" on menus. ***—Kathleen Marshall***

Broccoli: Production in California last half of '86 totaled 123.7 million pounds, up 39% from last year. Cauliflower: California's fall pack was up 22% from last year to 62.2 million pounds. Asparagus: California is the leading source, annual supply peaked at 28% in April.

C1850-3
6/8/87

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JUNE 10, 1987

A Cahners publication serving the total foodservice industry

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JUNE 10, 1987

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Food Facilities & Energy News, a service of the American Gas Association, follows page 224.

R&I REPORT

THE JUGGLING ACT

In a comparison of divorce rates among foodservice personnel from 1981 to 1986, company presidents appear to have the best hold on keeping a relationship together.

	Divorce/Separation Rate	
	1981	1986
Owner	8.3%	10.5%
President	12.0	4.0
Vice pres.	10.1	9.2
Reg. mgr.	12.0	9.1
Unit mgr.	10.9	11.0
Asst. mgr.	10.4	5.1
Foodservice director	10.9	11.9
Dietitian	7.0	8.8
Food and bev. director	13.1	14.9
Asst. food and bev. dir.	11.1	9.1
Chef	13.4	10.9
Cook	16.1	7.5

Source: *Restaurants & Institutions'* annual Jobs survey

Janet and Howard Melvin of the Heritage

■ CONSORTIUMS

Husband-Wife Teams: Ultimate Dedication

With the right combination, spouses can team up for profit and pleasure.

Operating a restaurant together and nurturing a relationship at the same time can be a risky venture, but the rewards are there for couples who make the commitment.

Communication is the key to avoiding the numerous pitfalls a foodservice collaboration can create, says Helen Dylag, director of the Marymount Center of Health Styles in Garfield Heights, Ohio.

"Couples need to be good communicators before entering a business arrangement," says Dylag. "They need experience at solving stressful situations together in their personal lives. If there is a personal problem, it is bound to show up in business."

The first step for many couples is a definition of roles, anticipating and determining who has the right skills for the various tasks.

For Jasper and Nancy White of Restaurant Jasper in Boston, the relationship was strained in the beginning because their responsibilities overlapped too much. Yet Jasper says they have learned to double check each other without overriding each other's decisions.

"For the most part we work separately," says Jasper White. "On a given day, four or five hours could go by without saying a word."

At The Heritage in Cincinnati, Janet Melvin says dividing the territory with husband Howard helps them show each other where improvement is needed because they can step back and analyze each others' duties.

But even with the best husband-and-wife teams, problems are impossible to avoid. Anxiety may stem from finances, uncertainties and preoccupation with the day-to-day stresses.

"The inescapability of the business can cast shadows on all parts of life," says Dr. David Charney, director of Roundhouse Square Psychiatric Center in Alexandria, Va. "It can create a loss of creativity and perspective. When things look bad and both of you are fully aware of that, you feel like you are in a little submarine together with no other occupants and the world looks gloomy."

Charney recommends trying to solve problems together. It is healthy and shows mutual respect. "Candid conversation often results in interesting ideas," he says. "And don't conceal problems. Your partner might have a handy solution."

Husband-and-wife teams should also spend time apart without feeling guilty about it. Jasper White says taking separate nights off from his wife helps them keep their lives in perspective and not to take each other for granted.

When all is said and done, however, the pluses of working with one's spouse in the restaurant business outweigh the minuses. And perhaps most importantly, couples are able to be together in a business that tends to keep couples apart.

"I don't see how we could get to see each other if we didn't work together," says Jasper White. "If you don't share the project it could put a strain on the relationship. I see it as a necessity for a happy marriage." —*J.W.*

RESTAURANTS & INSTITUTIONS

ECONOMIC EXPERTS

What Economists Say Now

Early in 1987, attention turns to interest rates and trade issues.

With nearly half the year behind us, it is time to take stock and re-evaluate the twists and turns of economic activity and the top issues of 1987: interest rates and the trade situation.

The near-zero rate of inflation we were blessed with for much of last year has not been sustained. Even though prices will not shoot up this year, the expected one or two point increase is expected to lift interest rates by a comparable amount.

The first quarter's strong performance in real GNP has made the Federal Reserve Board unwilling to take the measures to ensure interest rate stability. Further cuts in interest rates, it is feared, would only lead to increased inflation. With many banks recently raising their prime rate, it is probable that the Fed's next move will be to raise rates.

One implication of rising prices and interest rates is that purchasers tend to accelerate their buying plans. While the foodservice industry is more restricted in its purchasing patterns than many other industries, given the short shelf-life of many products, changes in purchasing strategies might be appropriate for products that are less perishable.

Currently, inventories are lean throughout the economy. Having learned to better manage inventories at a time when it was expensive to hold them, purchasing managers are now having to re-evaluate these strategies. Because prices are expected to rise more rapidly in the coming months, it makes more sense to build up buffers now.

The manufacturing trade deficit approached $150 billion last year. While the falling value of the dollar will eventually help to correct this situation, the fact that it has had such a limited effect thus far is causing concern.

Foodservice operators should keep a keen eye to the international trade discussion. Today's political smoke could turn into tomorrow's import quotas or tariffs—and food products might yet turn into a target. Until the trade problem resolves itself—and, have no fear, it is already beginning to do so—there might be some legislative or administrative actions that will affect the foodservice operator. If a tariff or quota is imposed on products that an operator buys, like everyone else, he'll be paying higher prices. —***Kim Kennedy***

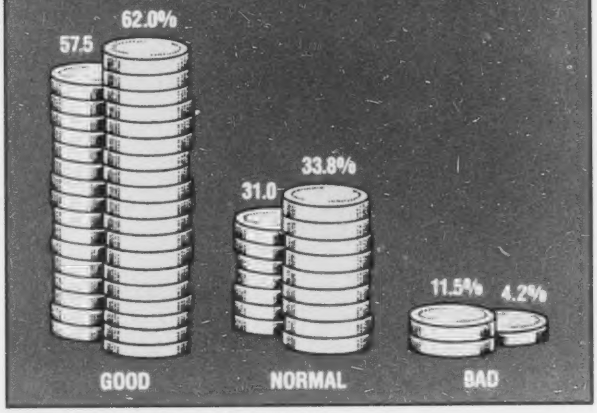
Kim Kennedy is a member of Cahners Department of Economics.

R&I DATA

SALES NOW: BIG IMPROVEMENT SHOWN

Good news from all segments of foodservice. Commercial operations reporting sales as good increased by 53% during April. The hotel and motel segment led the way, as 65% reported good sales in April. Full-service operators claimed the best overall sales climate, while only 48.4% of fast-food operators said sales were strong in April. Optimism also prevailed on the institutional side as 75% of colleges and universities reported good sales.

▪ Commercial ▪ Institutional



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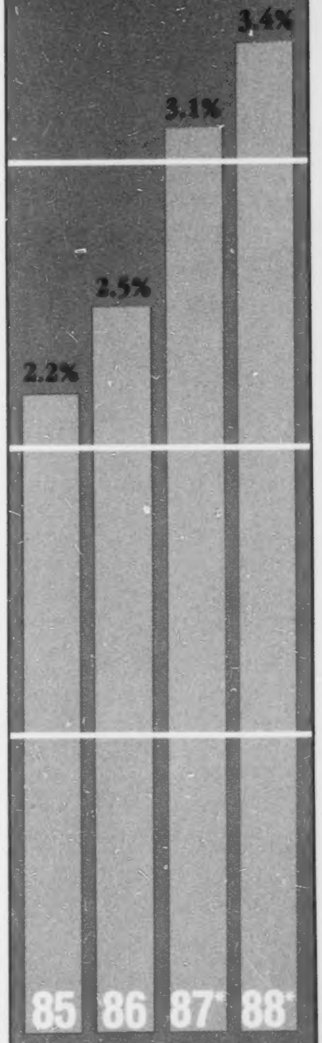
ECONOMY GAINS MOMENTUM

Economic activity will pick up speed this year and next, aided by a stronger trade position and inventory building.

REAL GNP
(GNP minus inflation)



*Projection
Source: Cahners Economics

R&I EXCLUSIVE

■ ANNUAL JOBS SURVEY

R&I's ANNUAL JOBS SURVEY BRINGS INTO SHARP FOCUS THE PERKS AND PROBLEMS OF YOUR WORK AS A FOODSERVICE EXECUTIVE. RECORDED IN BLACK AND WHITE ARE DATA MEASURING EVERYTHING FROM LAST YEAR'S RAISES TO CHANGES IN BENEFITS TO YOUR DREAMS FOR THE FUTURE. BUT THE FACES GLIMPSED IN THESE PAGES TELL A VISUAL STORY THAT GOES BEYOND NUMBERS—ONE OF PROFESSIONALISM AND OF PRIDE IN A JOB WELL DONE.

A CANDID LOOK AT YOUR JOB

—Toni Lydecker and Jeff Weinstein
—Photography by Joseph Sterling

1987 JOBS SURVEY

Money matters: The 2,495 foodservice professionals responding to *R&I*'s annual Jobs Survey reported healthy earnings of $33,700, on the average—up from $29,300 in 1985.

For the first time, female executives outearned their male counterparts in five categories: president and CEO, assistant unit manager, dietitian, assistant food and beverage director, and cook. (The salary comparison for president and CEO was skewed by the small number of female respondents, but tracking ability should improve in the future, as more women enter the top executive ranks.)

Despite these gains, however, salaries of female professionals lagged behind those of men in the same jobs by a substantial 28.7%.

Salaries were nearly $3,000 higher than the mean in the West, followed (in descending order) by the South, Northeast and Midwest. Fast-food companies and private clubs pay top dollar for executive skills.

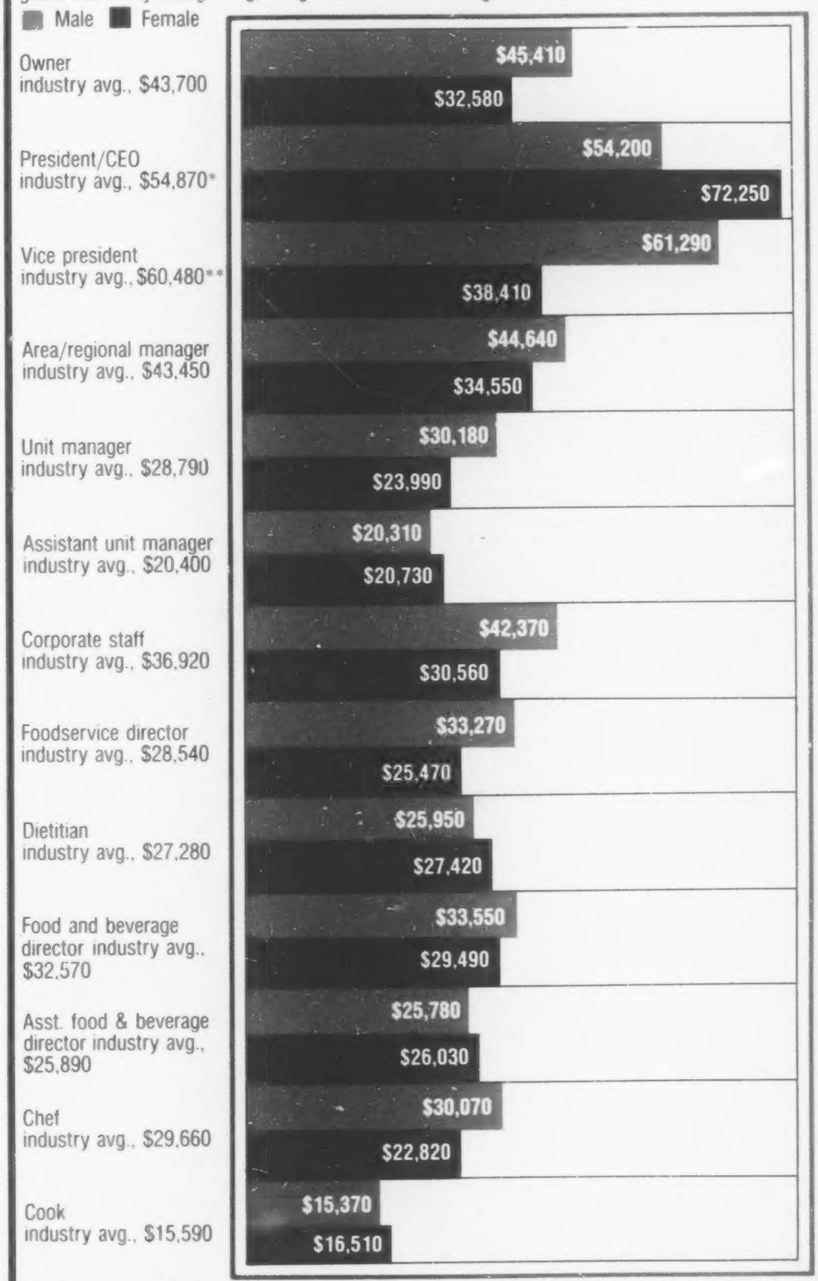
An executive also can improve the odds for landing a good salary by hiring on with a large company: Annual sales exceeding $500 million are optimal for the commercial sector, while sales volume of $50 million to $100 million is the right range for institutional. Overall, however, salaries offered by institutional employers lag nearly $7,000 behind those in commercial foodservice.

But executives who prefer the comforts and security of perks to hard cash should choose the institutional sector, which outshines commercial in nearly every category of benefits.

Raise time meant 7.2% more in the pockets of foodservice executives—a nice piece of change, but a little less than the 7.7% raises of 1985. Regionally, the Midwest gave the smallest raises, suggesting that salaries there will con-

CHARTING SALARIES BY SEX

Women outearned their male counterparts in five occupations this year—a sizeable change over 1986, when female foodservice professionals lagged behind men in every job category. These gains mark only a beginning, in light of a 28.7% earnings difference between the sexes.



*The fact that only 2 of the 60 presidents were women explains the disparity in salary between the sexes; tracking salaries in this job will become easier as more women enter the executive suite. **A large proportion of vice presidents in this year's survey work for large companies, creating a startling result: Vice presidents earning more than presidents.

RESTAURANTS & INSTITUTIONS

YOU'RE MAKING $33,700, ON AVERAGE, 7.2% MORE THAN LAST YEAR. TO EARN TOP DOLLAR, CONSIDER HIRING ON WITH A LARGE COMMERCIAL COMPANY IN THE WEST. IF YOU'RE A WOMAN, KEEP AN EYE ON JOBS OFFERING EQUAL PAY.

RAISES: WHO GETS THE MOST?

Raises averaged 7.22%, about the same as last year. Professionals already in a high-income bracket were more likely to receive big raises; at 12.14%, presidents and CEOs were clearly the leaders.

Position	Mean(%)
Owner	9.5
President/CEO	12.1
Vice president	9.5
Area manager	7.4
Unit manager	7.6
Assistant manager	6.2
Corporate staff	8.0
Foodservice director	6.1
Dietitian	5.1
Food & beverage director	7.6
Asst. food & bev. director	7.6
Chef	7.5
Cook	5.1
Total	7.2

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1987 JOBS SURVEY

tinue to trail those in the rest of the country.

Slightly more than half of the executives expressed satisfaction with their raises. Company presidents were the happiest group, while assistant unit managers were the most disgruntled.

Boning up on bonuses: Although 42% of foodservice professionals receive part of their compensation in the form of bonuses, the extra money accounts for only 8.6% of their total income. Bonuses are most common among vice presidents, area and regional managers, and unit managers, more than 60% of whom received bonuses during 1986. Fast-food companies and fine-dining restaurants are more prone than other employers to incorporate bonuses into the compensation package.

Bonus givers are partial to broad criteria; 42.8% look at the executive's performance in both sales and QSC (Quality/Service/Cleanliness), rather than one area or the other.

About 19% of foodservice professionals say their companies have recently changed their compensation structure to link pay to performance. Of those whose employers have made such a switch, three-quarters think the new standards are fair.

Companies in flux: Layoffs are widespread, with more than 45% of survey participants reporting that their companies have cut staff during the past year. Hotels and employee-dining establishments are the segments most likely to give staff members their walking papers.

A majority of foodservice pros approve of the trim-down, but opinion differs according to occupation. Owners and presidents think the changes are for the better, mid-level management split down the middle, pro and con, and dietitians are convinced the

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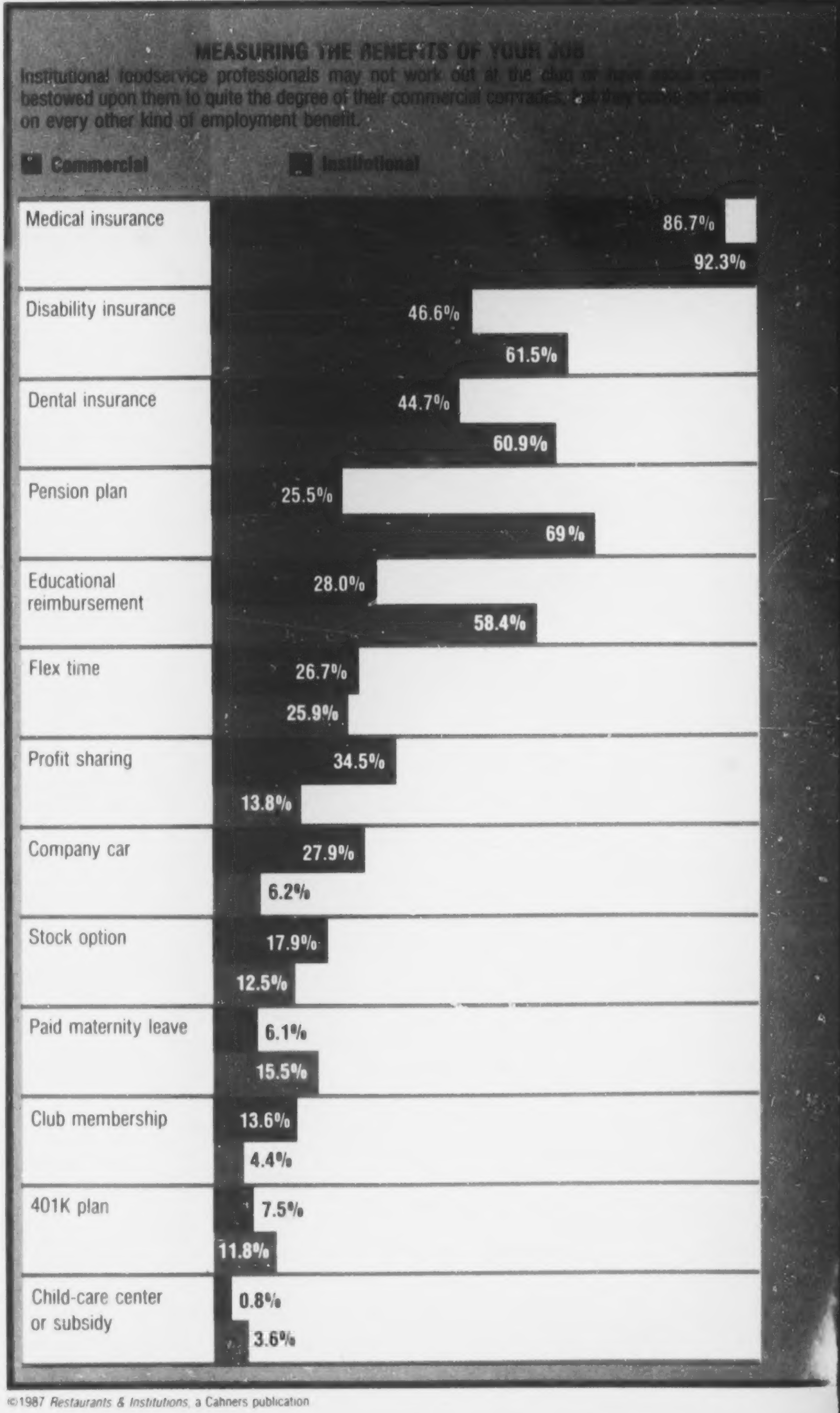

MEASURING THE BENEFITS OF YOUR JOB

Institutional foodservice professionals may not work out at the club or have [illegible] bestowed upon them to quite the degree of their commercial comrades, but they come out ahead on every other kind of employment benefit.

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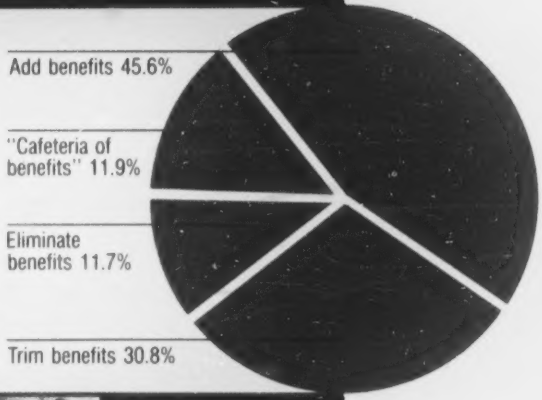
RESTAURANTS & INSTITUTIONS

MANY OF YOU ARE PUTTING YOUR PERFORMANCE ON THE LINE TO EARN GOOD SALARIES AND BONUSES. BENEFITS ARE BEST IN THE INSTITUTIONAL SECTOR, BUT IF YOU'RE AFTER HARD CASH, GO COMMERCIAL.

BENEFITS ARE CHANGING

Many companies added new perks, while others gave staff more flexibility to choose among a "cafeteria of benefits." Perhaps squeezed by the rising costs of such benefits as health insurance, a minority cut or even eliminated benefits programs.



cutbacks will hurt the company.

More merging than purging: Mergers shook up nearly one-quarter of the respondents' companies, but few foodservice executives were personally affected—a scant 3.1% lost their jobs. Bitter feelings run high among those who were ousted, however; 69% say they were treated unfairly.

One reason might be the scarcity of golden handshakes. Few executives received more than one week of salary for each year of service, and many received no severance pay at all. Moreover, only a minority of companies continued insurance beyond the date of termination or paid for outplacement assistance.

Yet another form of corporate upheaval, relocation, affected only 8.4% of surveyed executives. The correlation between company size and being asked to pull up roots is strong. An executive working for a company with more than $500 million in sales had a 31% chance of relocation, compared to odds of only 3.4% for an executive working for an institutional employer with sales below $500,000.

Have all these changes shaken executives' faith in their company? Yes and

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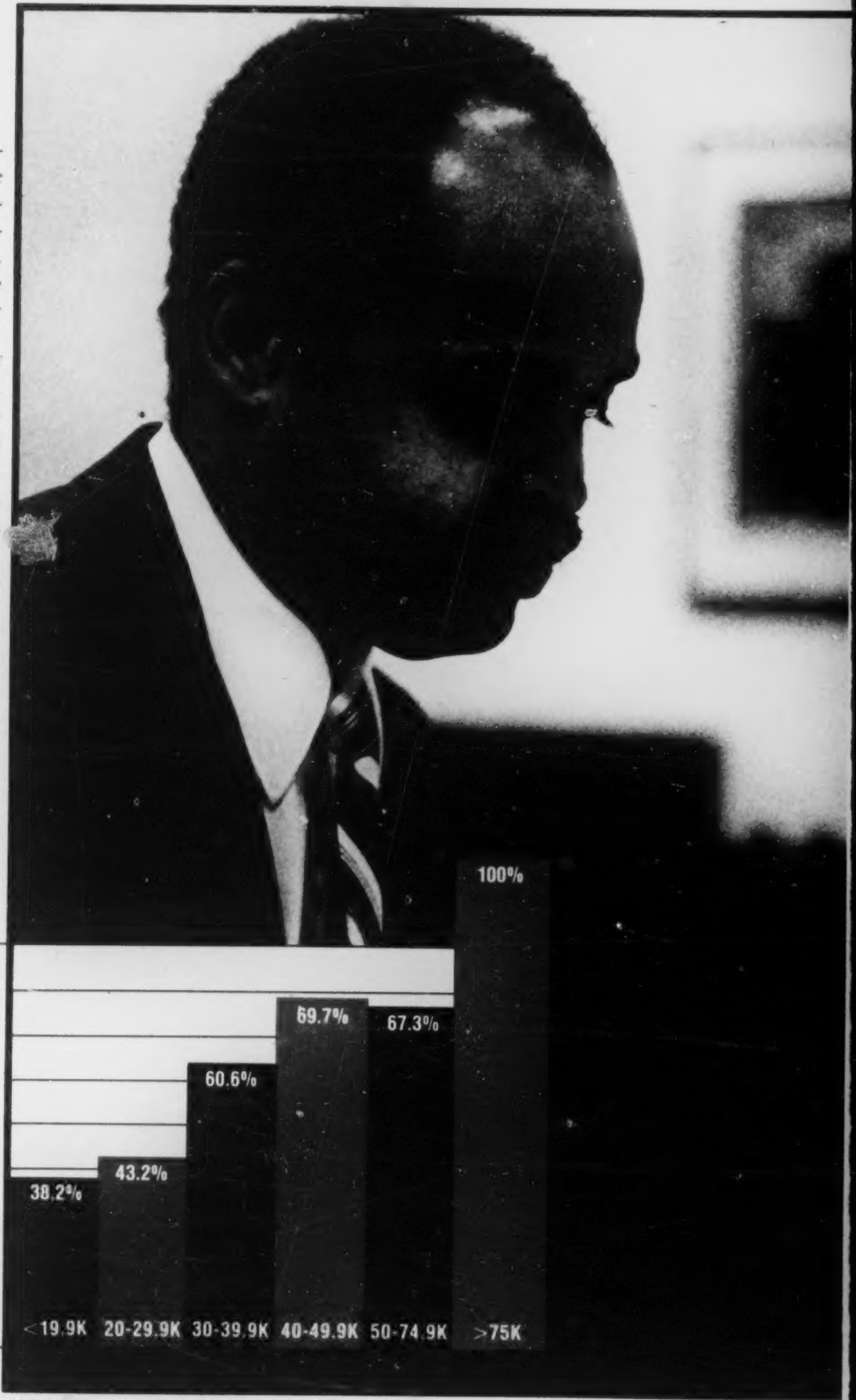
MAKING A MOVE ON THE COMPANY

The rich get richer . . . respondents making more than $75,000 invariably relocated at the company's expense, while only a minority of those earning less than $20,000 were reimbursed fully by the company for their moving expenses.



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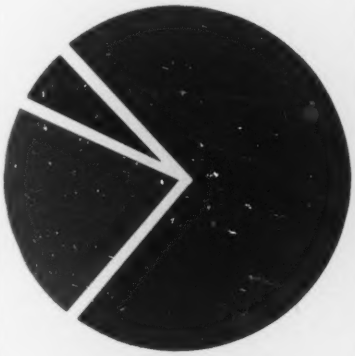
RESTAURANTS & INSTITUTIONS

COMPANIES ARE CHANGING, WITH MERGERS, LAYOFFS, AND RELOCATION BECOMING THE NORM. AS A GROUP, HOWEVER, YOU'RE KEEPING YOUR COOL AND KEEPING YOUR JOBS. MOREOVER, MANY OF YOU LIKE THE CHANGES.



AFTER THE MERGER: WHAT HAPPENS TO YOUR JOB?

The epidemic of mergers didn't faze food-service professionals, almost all of whom remained on the company payroll.

■ Kept job 86.5%

■ Changed jobs within company 10.3%

■ Lost job 3.2%

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1987 JOBS SURVEY

THOSE OF YOU IN INSTITUTIONS AND HOTELS TRAIN THE HARDEST. MANAGERS IN FAST FOOD WILL HAVE TO SPEED UP TO KEEP PACE IN ACQUIRING NEW SKILLS.

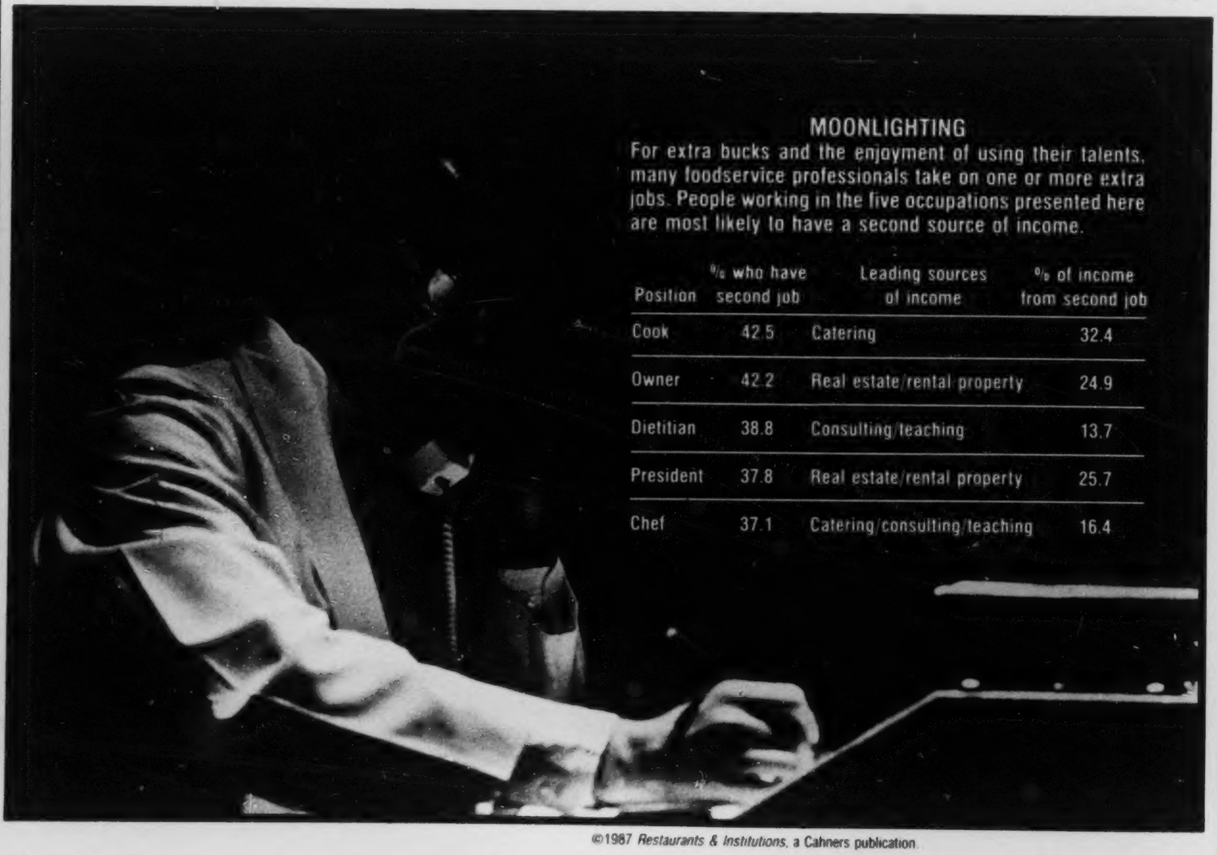
no. Only 19.4% of all respondents indicate that their companies do not live up to their commitments to staff. But confidence dwindles on the question of the executive's future with the company; only one-third think their company has a clear career path laid out for them.

Moonlighting: About one-third of the foodservice professionals supplement their salaries with income from another source—a spouse's earnings, retirement income, investments or second jobs.

Most company owners and presidents obtain the income from a business they own, while the opposite is true of professionals in other occupations. In a surprisingly large number of cases, 65.5%, the extra earnings do not come from a foodservice-related business.

Future concerns: With greater emphasis being placed on service today, training and development is playing a more active role in operational activities. Surprisingly, however, 22% of unit managers and assistant managers spent no time in training last year, while fewer than 25% trained for more than 15 days. The hotel and motel segment averaged the greatest amount of time (9.3 days a year) in training. Fast-food operations and private clubs trained the least, averaging 7.9 and 7.4 days, respectively.

On the institutional side, training ap-



MOONLIGHTING

For extra bucks and the enjoyment of using their talents, many foodservice professionals take on one or more extra jobs. People working in the five occupations presented here are most likely to have a second source of income.

Position	% who have second job	Leading sources of income	% of income from second job
Cook	42.5	Catering	32.4
Owner	42.2	Real estate/rental property	24.9
Dietitian	38.8	Consulting/teaching	13.7
President	37.8	Real estate/rental property	25.7
Chef	37.1	Catering/consulting/teaching	16.4

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1987 JOBS SURVEY

HAVING A SECOND SOURCE OF INCOME PAYS OFF FOR ONE-THIRD OF YOU, MAKING YOU LESS DEPENDENT ON THE MAIN EMPLOYER OR BUSINESS.

pears to have a greater priority. More than 37% of assistant food and beverage directors spent more than 15 days in a training mode. The strict regimen of military and correctional facilities shines through in the survey results. They trained more than any other segment of the industry, averaging 11 days a year. Conversely, employee-dining personnel spent only 6.8 days soaking up new knowledge and skills.

If you were wondering why cooks are cooks and chefs are chefs, consider this: 43.8% of cooks spent no time in training last year, while 34% of chefs spent more than 15 days furthering their education.

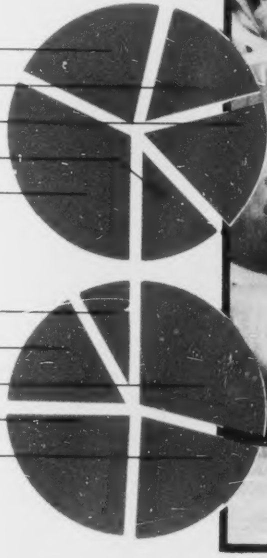
Fight for the right: Unfortunately, discrimination, in numerous forms, still exists. Even more unfortunate are survey results that show 62% doing nothing in response to perceived discrimination.

It reaches even the top echelons; a large number of company presidents and vice presidents say they have felt discriminated against on the basis of

continued on page 60

TRAINING ONLY EIGHT DAYS A YEAR

The average amount of time an organization spends on training management personnel is only 8.5 days a year. On the commercial side, hotels and motels spend the most time training. Institutionally speaking, employee-dining services spend the least time training.



Commercial (Mean=8.5 days)
None—20.8%
1-3 days—17.1%
4-7 days—17.4%
8-14 days—12.8%
More than 15 days—32.0%

Institutional (Mean=8.6 days)
None—8.2%
1-3 days—16.1%
4-7 days—29.0%
8-14 days—24.2%
More than 15 days—22.5%

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1987 JOBS SURVEY

DISCRIMINATION WAS A COMPLAINT EVEN AMONG TOP EXECS, BUT FEW OF YOU TOOK ACTION. TOO BAD, BECAUSE MOST COMPANIES HAVE POLICIES AGAINST IT.

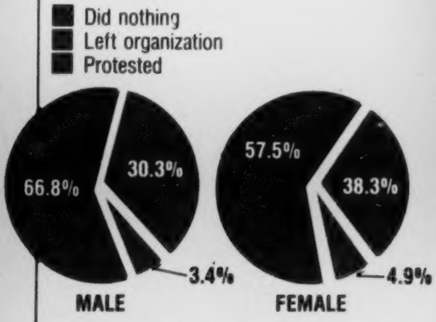
race, ethnic group and age. More than 62% of unit managers and assistant unit managers have felt discriminated against because of their age. Sex discrimination was the complaint of 70% of dietitians.

When it came time to strike back, assistant food and beverage directors were the most likely to leave the organization. Cooks and chefs (17%) were the most vocal in voicing their displeasure, while 83% of corporate staffers did nothing at all.

Even though an overwhelming number of respondents did nothing about perceived discrimination, 72.5% of the organizations polled have a publicly stated anti-discrimination policy. More than 90% of institutional operations report having policies in place, compared to 59% on the commercial side (only 45.9% of fine-dining operations).

LITTLE RESPONSE TO PERCEIVED DISCRIMINATION

The survey shows that most foodservice professionals are afraid to speak out against perceived discrimination. In a majority of the cases, they either say nothing or leave.



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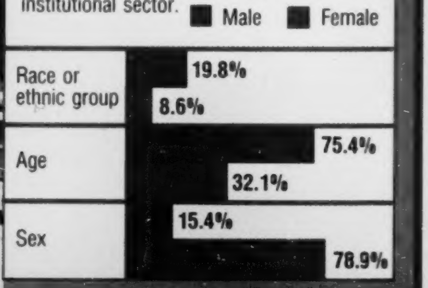
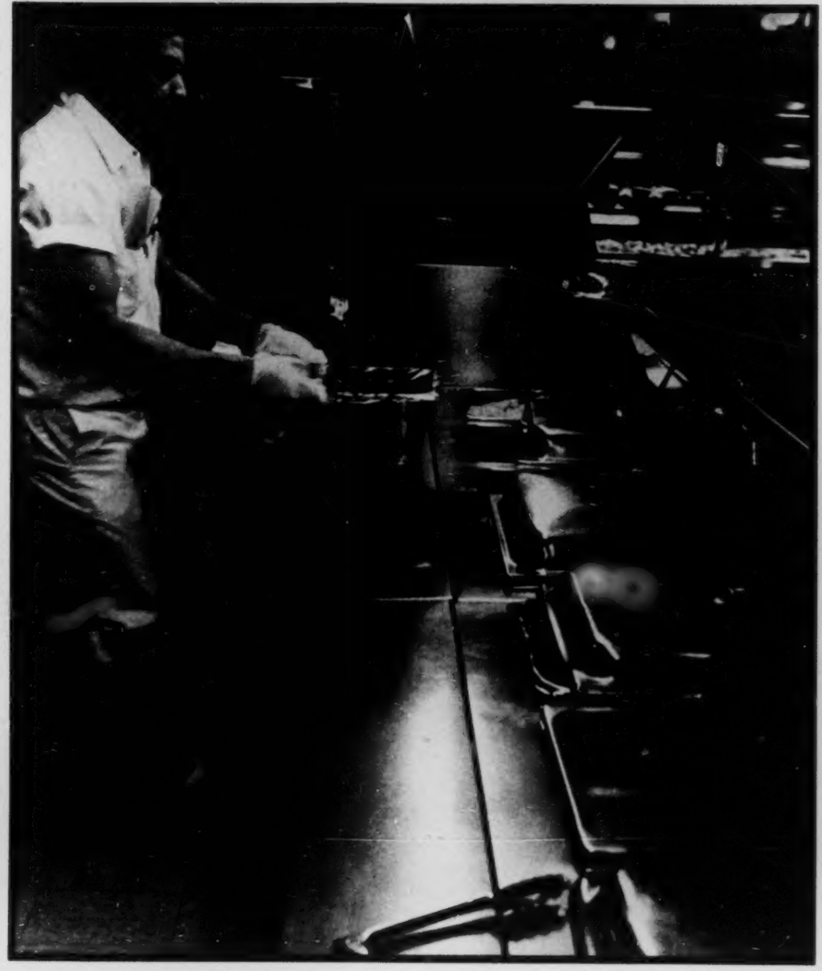
MIXED OPINIONS ON DISCRIMINATION

More males think they have been discriminated against because of race, ethnic group or age. But 78.9% of females are still feeling sex discrimination, especially in the institutional sector.





1987 JOBS SURVEY

YOU'RE ACHIEVERS, FOR WHOM GOING TO SCHOOL IS SECOND NATURE. BUT JOB DEMANDS SOMETIMES TAKE THEIR TOLL ON YOUR PERSONAL LIFE.

Love story: In the past five years, the marriage rate of foodservice professionals has stayed virtually unchanged. The number of singles has increased to 18.6% from 17.4% of the foodservice work force. Divorces and separations have inched up from 9.1% to 10.2% since 1982.

Survey results show regional managers and assistant food and beverage directors are more likely to marry today than in 1982. Vice presidents and cooks show a penchant for the single life.

Food and beverage directors remain the most likely to divorce or separate, as 15% reported that status in 1987. The biggest increase in divorce rates occurred among owners (7.2% in 1982, compared to 10.5% in 1987). Presidents, assistant managers and cooks appeared to have a better handle on their love lives, showing a marked decrease in divorces.

Balancing act: A job in this industry is very demanding, but foodservice pro-

continued on page 68

YOUR EDUCATIONAL & MARITAL MAKEUP

This year's Jobs Survey asked respondents to state their educational attainment, degree obtained, marital status and number of children. A profile follows.

Educational Attainment	
Less than high school	1.6%
High school graduate	12.8
Some college	32.3
Bachelor's degree	35.2
Advanced degree	14.7
Culinary degree	7.7
Other	5.0

Degree or Major	
Business	27.7%
Dietetics	22.9
Liberal Arts	15.0
Restaurant & Hotel Mgmt.	25.3
Education	3.1
Business School grad	0.6
Other	14.4

Marital Status	
Married	66.4%
Divorced/separated	10.2
Unmarried, but living with someone	2.9
Single	18.6
Widowed	1.9

Presence of Children	
Have children	65.0%
No children, but plan to have some	17.7
No children, do not plan to have any	17.3
Average number of children	2.5

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1987 JOBS SURVEY

DIVORCES ARE UP, BUT MOST OF YOU FIND WAYS TO MIX MARRIAGE WITH WORK. OTHERS PREFER THE PLEASURES OF THE SINGLE LIFE.

fessionals are finding the time to raise a family, averaging 2.5 children per household. Assistant unit managers appear the most anxious to join the parental ranks; 38.7% plan to have children, compared to a 17.7% average. Corporate staffers and assistant food and beverage directors show the greatest hesitation about starting a family.

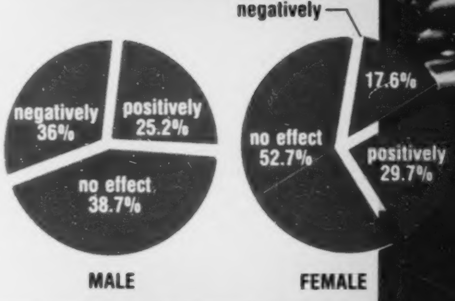
Foodservice professionals are getting better at juggling married life and a career. Both males and females are reporting their careers are having a more positive effect on their relationships than in the past. Cooks and company presidents, an odd couple, report their careers are having little affect on their family and social lives—an average of 43% say their careers have no affect on their private lives.

However, not everyone is painting a rosy picture. Not surprisingly, 43.7% of unit managers and 50.7% of assistant unit managers say their career is having a negative affect on their relationships.

continued from page 74

FOR BETTER OR FOR WORSE

By comparing the survey results from 1985 and 1986, it appears both men and women are gaining a better handle on balancing a career and a relationship. These charts show how foodservice careers affected a relationship in 1986.



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1987 JOBS SURVEY

SOME OF YOU ARE MOVING ON— PERHAPS BECAUSE OF A SETBACK, SUCH AS LOSING A JOB, BUT MORE OFTEN TO PURSUE A NEW CHALLENGE.

Although only 6.6% of dietitians report having problems, about 47% of food and beverage directors are looking for ways to cope with the long hours. Overall, 39.2% in commercial settings are feeling the negative consequences, compared to only 17.5% in institutional settings.

Getting ahead: The average foodservice professional has worked for 3.1 companies and made a job change for more responsibility, advancement and money. Company presidents have shown the most stability, while chefs and food and beverage directors have changed jobs most often.

Making a change to start a business was the top motivator among presidents and vice presidents. But top-level executives also were fired more than the industry average.

Assistant unit managers were the most likely group to be fired. They also were motivated to make a change to attend school or to obtain better working hours.

Dietitians showed the most concern for their families. Approximately 6% left their jobs to start families, compared to a 1.6% average. More than 13% relocated, showing the greatest loyalty to their spouses.

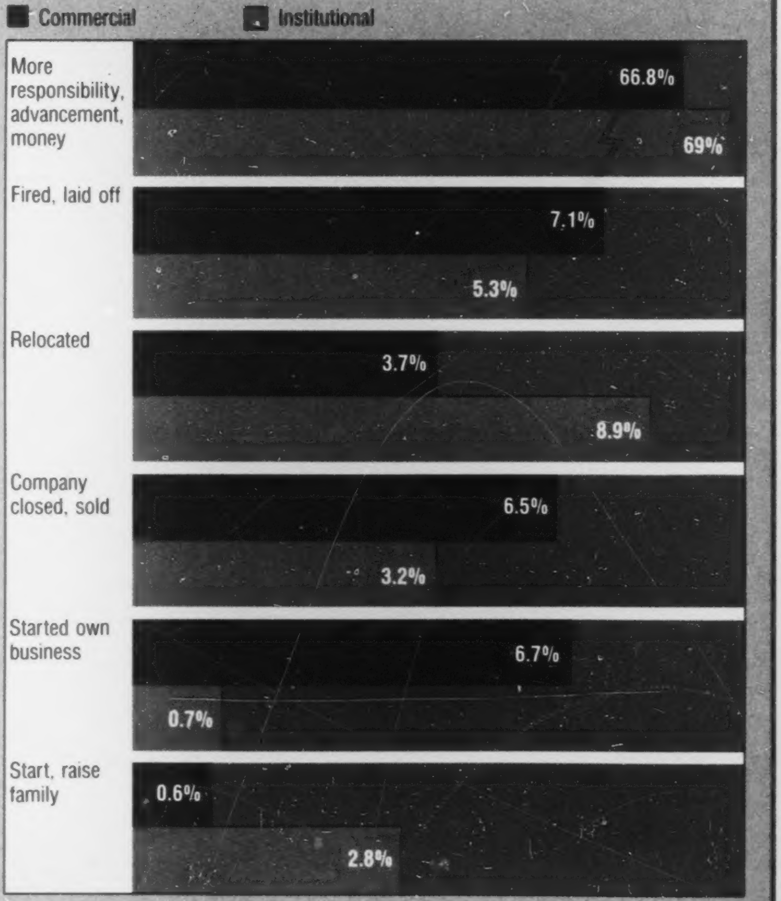
Crystal ball gazing: When it comes to loyalty and initiative, vice presidents, regional managers, and food and beverage directors want to stay with their current company and move up the ranks.

Besides owners and company presi-

continued on page 80

UPWARD AND ONWARD

More money, responsibility and advancement are by far the biggest reasons foodservice professionals left their last job. Assistant unit managers were the most likely candidates to be fired, while dietitians were busy relocating or leaving to start a family. This chart indicates why mangement employees left their last job.



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1987 JOBS SURVEY

THINKING ABOUT YOUR FUTURE OFTEN LEADS TO A FIVE-YEAR CAREER PLAN. GOOD NEWS FOR THE INDUSTRY: MOST OF YOU PLAN TO STAY IN FOODSERVICE.

dents, dietitians and foodservice directors are the most content with their current positions.

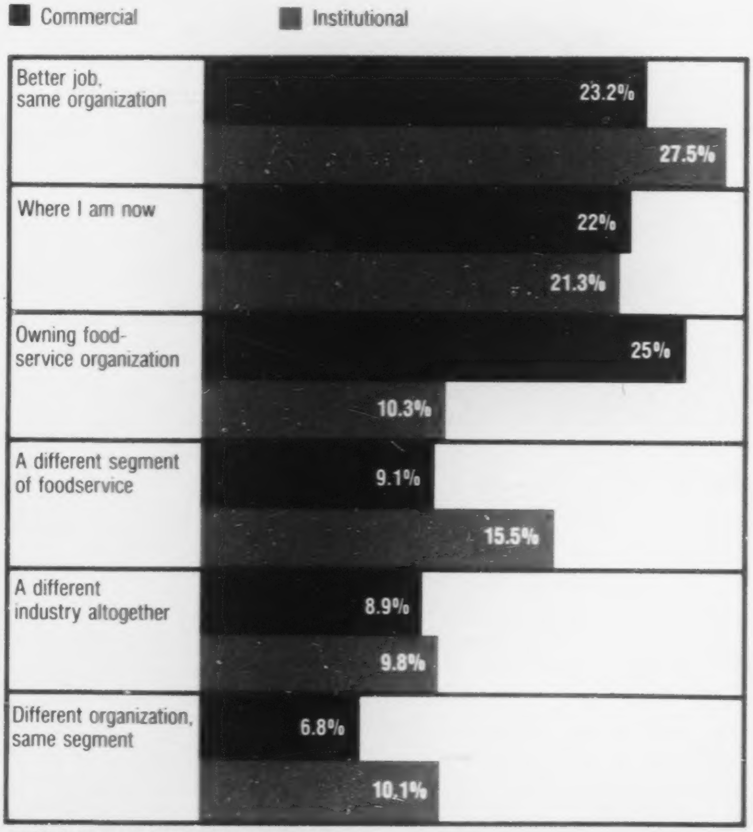
Almost 19% of the respondents expressed interest in owning their own foodservice operation. More than 46% of the chefs want to make a go of it on their own. One-third of the chain unit managers also want to make it on their own.

Nearly 23% of dietitians would like to move into another segment of the industry, almost double the average. Cooks appear to be an unhappy bunch, too. More than 21% want to stay in their segment, but with a different operation.

And who is fed up with the industry altogether? Almost 16% of assistant unit managers want to be in a different industry in five years, compared to a 9.3% average.

PLANNING FOR THE FUTURE

Vice presidents, regional managers and assistant food and beverage directors are most interested in moving up within the organization, while cooks show the most dissatisfaction with their current employer. Chefs and unit managers aspire to own their own operation, while 15.6% of assistant unit managers want out of the industry altogether. Here is where management employees would like to be in 5 years.



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RESTAURANTS & INSTITUTIONS

Sea Galley
SEAFOOD PRIME RIB
SEAFOOD PRIME RIB

In mid-April, Sea Galley introduced a new lunch menu into 40 of its 41 stores. The menu features specials for $2.99, $3.99 and $4.99.

Sea Galley bets that the prices on its new lunch menu will increase customer counts during that time period.

"The news with this menu is the prices," says Ken Wilson, vice president and director of marketing for the 41-unit chain, which is based in Mountlake Terrace, Wash.

Sea Galley always has offered fast service, another tool used to draw lunch customers. Patrons with lunch-time limits are promised that lunch will take 40 minutes from the time they are seated.

The menu, introduced in mid-April in all Sea Galley stores except Anchorage, Alaska, offers lunch specials at $2.99, $3.99 and $4.99.

The $2.99 specials include a bowl of clam chowder or prime-rib soup with garlic cheese bread; fried clam strips with a cup of clam chowder; and fried calamari. For $3.99, lunch customers can choose between a deep-fried shrimp and fish plate; baked Pacific cod; New England-style snapper; and deep-fried shrimp. The $4.99 offerings include chicken stir-fry, seafood au gratin, sweet-and-sour shrimp and sole almondine.

Radio advertising in Seattle, featuring a local on-air personality, and print ads on the East Coast support the new lunch menu. Dinner patrons receive a small flyer promoting lunch at Sea Galley.

—Lisa Bertagnoli

■ R&I DATA

AVERAGE MENU PRICES: SIDE ORDERS RELAX

R&I tracks average selling prices for a variety of menu items at restaurants across the country. The latest survey results show that the average price for side orders such as chili and french fries decreased in all segments and in each region of the country.

Item	Full service	Fast food	Hotel/ motel	North-east	South	North Central	West
Beverages:							
Coffee	$ .67	$ .49	$ .80	$ .69	$ .63	$ .63	$ .66
Iced tea	.70	.57	.80	.73	.68	.66	.69
Soft drinks	.76	.60	.88	.81	.69	.76	.74
Beer	1.72	.95	1.79	1.81	1.58	1.72	1.55
Wine (glass)	1.91	1.22	1.91	1.91	1.94	1.75	1.78
Sandwiches:							
Hamburger	3.01	1.74	4.00	3.02	2.61	3.13	3.70
Cheeseburger	3.25	1.56	4.02	3.13	2.51	3.36	3.83
Ham & cheese	2.93	2.57	3.83	2.41	2.92	2.79	3.93
Club	3.63	2.19	4.55	3.79	3.71	4.00	4.29
Fish	2.74	1.95	3.47	3.08	1.79	2.83	2.91
Chicken patty	3.56	2.26	4.13	3.63	2.95	2.93	3.30
Other:							
Chili	1.81	1.29	2.29	1.73	1.38	1.55	2.11
French fries	.91	.71	1.02	.84	.83	.85	1.05
Scrambled eggs	1.91	1.15	2.32	2.16	1.80	1.91	2.20

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■ CONSUMER'S CHOICE

PROFESSIONALLY SPEAKING

When eating out in 1986, college graduates ordered Mexican food more frequently compared to 1985. While an overall average of 12.4% of the respondents increased their consumption of nachos, tacos and tortillas, 17% of college graduates were munching on Mexican food more often.

WHAT EVER HAPPENED TO THE BREAKFAST BOOM?

A business breakfast starts the day right at Hyatt Regency, Chicago.

The breakfast boom began in 1983 with a resounding increase in breakfast traffic and sales. The drum rolls continued in 1984 across the industry. Breakfast business was still booming for some segments in 1985, but by 1986 (see "Barometer") the good times had rolled to a slow stop—or had supply simply caught up with demand?

The best news of the morning is: While the breakfast boom is over, breakfast business is still booming. And, as always in a competitive marketplace, the early bird will get the worm —by scoping breakfast tastes and trends today and by scooping trends to come in the next 10 years.

George Rice, president of Park Ridge, Ill.-based GDR Enterprises Inc., and spokesman for the CREST Report, launches our 10-year breakfast forecast: "We got where we are today because we had, in the mid-'70s, a real consumer demand that simply wasn't being satisfied by conventional breakfast places such as IHOP, Denny's, hotels, et cetera, who did a nice job but were very occasion-oriented.

"The big breakthrough—the convenience breakfast—was capitalized on by McDonald's. They stole customers from the then-classic breakfast restaurants, and they developed original purchase behavior in satisfying the need for convenience. People who customarily had skipped breakfast started to utilize fast-food restaurants.

"Now that market is satisfied. Breakfast continues to grow, but generally at the same rate as other meal segments."

In projecting future trends, Rice looks at two big consumer groups that would affect breakfast: The babyboomers who are married and now having children, and the seniors, whom Rice describes as a stable factor.

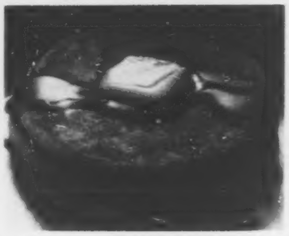
Rice views young first-time parents as the biggest potential loss to restaurants overall, but mostly in the evenings and on weekends. "It is quite possible that this may positively affect breakfast. With morning problems of child-care arrangements, young parents may be more inclined to utilize fast food out of the home."

Rice sees the biggest challenge as "How creative can the industry be in developing breakfast products? Today's market calls for product management, one of the most important areas of concentration in the next few years."

In addition to new breakfast product development, we suggest other areas crucial to getting a share of the breakfast business.

- Takeout and delivery, a continuing industry trend that will affect breakfast.
- Identifying the right market niche.
- Training wait staff for the special problems of breakfast service.
- Finding and keeping that rare and essential bird: the breakfast cook.

BREAKFAST BUSINESS



Flapjacks: Down home!

Po' Folks Puts on Big Breakfast

Nashville—Po' Folks has put breakfast on in a big way. "In all our restaurants, and by the summer's end, we hope for 100% participation from the franchisees," says Mike McNeil, director of marketing.

Po' Folks Country Morning Breakfast, served from 6 a.m. to 11 a.m., has a $3.40 check average—about $1 less than lunch. The least expensive item is two eggs, fries, grits and a biscuit, $1.89; most expensive, steak and eggs, $4.99.

The decision to put breakfast on the griddle was driven by market research, begun four years ago, and customer demand. "People kept saying, 'The menu has everything else. Why not add eggs?'"

So what took you Po' Folks so long? "Lunch and dinner parts are more profitable," says McNeil, "Service has to be faster *and* friendlier. And you always worry about cannibalizing your other dayparts. But so far, it hasn't, and we feel we can do breakfast well."

FAST BREAKS

Fast Food Is Still Making Morning News in the Breakfast Race

Egg McMuffin debuts in 1973; Burger King's French Toast Sticks in 1986. Next?

McDonald's research says 53% of U.S. breakfasts are eaten out—half of them at McDonald's. The Egg McMuffin is still a No. 1 seller, followed by from-scratch breakfast biscuits. Since Egg McMuffin came to breakfast in 1973, McDonald's morning customer's profile has grown from hard-hats and students to business people.

New ideas in the running include: Burger King's French Toast Sticks, and Egglets (hand-held omelets in test). Competing convenience stores sell not only breakfast items but time. And joint ventures (such as Dunkin' Donuts in c-stores) may be the wave of a tight real estate future. And how about the new cinnamon-roll chains with their tantalizing impulse items?

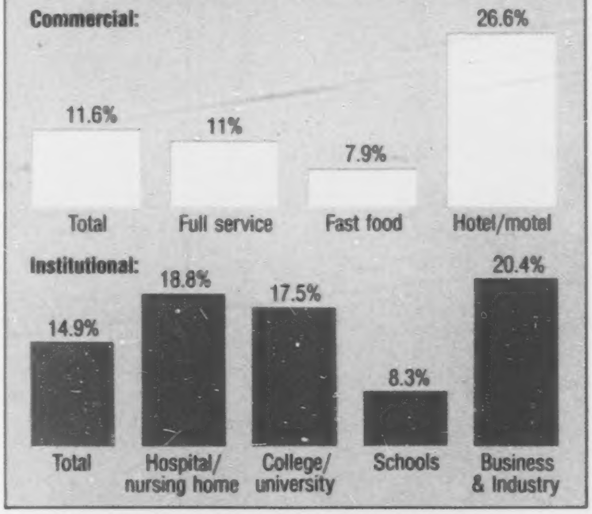
McDonald's No. 1: Egg McMuffin.

SALES AND TRAFFIC BAROMETER

BAROMETER

PERCENTAGE OF ANNUAL SALES FROM BREAKFAST

In *Restaurants & Institutions'* annual Menu Census survey, participants were asked "What percentage of your annual sales volume do the following meal periods account for?" Breakfast sales volume appears below. Schools, with the lowest breakfast sales volume in the institutional market, had 36,800 schools and 3.6 million children in the breakfast program as of April 1987.



Source: Cahners Bureau of Foodservice Research ©1987 *Restaurants & Institutions*, a Cahners Publication.

BREAKFAST TRAFFIC: GROWTH OR DECLINE

Breakfast [illegible]

Growth percentages [illegible]

	Dec. '82 and Nov. '83	Dec. '83 and Nov. '84	Dec. '84 and Nov. '85	Dec. '85 and Nov. '86
Total breakfast and a.m. snacks	+4.9%	+7.5%	+6.6%	−.7%
Quick-service restaurants	+7.6%	+6.2%	+14.3%	−2.3%
Midscale restaurants	+1.1%	+8.8%	−2%	−5%
Upscale restaurants	+8.3%	+11.4%	−4.3%	−2.2%

Source: CREST Report, a member of the NPD Group, Park Ridge, Ill.

RESTAURANTS & INSTITUTIONS

HUMAN RESOURCES

Gourmet Night: More Than All Right

Students pour energy and newly acquired skills into the annual event.

At 7:15 p.m., the servers were milling around in the kitchen area. "Why are we waiting here, anyway?" one said, in a plaintive tone. As the clock hands moved to 7:25, a manager-cum-student reminded them once again to serve guests from the left.

At 7:30, precisely, they streamed out into the dining room of the Conrad N. Hilton College of Hotel and Restaurant Management at the University of Houston. The occasion: a six-course gourmet dinner for 325 guests, including industry leaders.

Why do 300 HRM students spend hundreds of hours working for a successful Gourmet Night, without so much as a tip? The experience supplies a credential for their résumés, but more important is a school-of-life education in the logistics of preparing and serving a large banquet.

The groundwork for the March affair was laid in September, when General Manager Maria Sirgo chose an executive committee. Soon after, the students settled on a theme: "Hats Off to Hilton," celebrating the hundredth anniversary of Hilton's birth. The logo, a top hat with cane, was a natural, but how to illustrate the theme?

Hilton loved golf, but after pricing Astroturf, committee members decided instead to showcase Hilton's personal memorabilia. They abandoned research into Hilton's favorite foods when the trail ended in macaroni and cheese. Instead, the team decided to develop a simple, elegant menu.

Parsley sorbet and carrot/orange soup looked promising on paper, but failed to pass the taste test. Similarly, attempts at a dramatic presentation of the soup fizzled at first; the dry ice stopped foaming too soon, or froze the waiters' hands. Holding a dinner for 40 people, the committee used their reactions to fine-tune the menu.

In purchasing food and wine, the students had to stay within a budget of $19,000, generated by a per-person charge of $60. They also had to contend with kitchen and storage areas not built for feeding such a large crowd.

Meeting the morning after for a postmortem of Gourmet Night, the students were bleary-eyed but exuberant about the evening's success. Everyone praised the vegetarian plates prepared on request. Then someone mentioned that one had been for a member of the Hilton family, and Executive Chef Andy Economon's face fell. "Why didn't someone tell me?" he lamented. "I would have done something much better."

—*Toni Lydecker*

Student chefs prepare Gourmet Night dinner with studied skill.

HATS OFF TO HRM STUDENTS FOR A SIX-COURSE FEAST

Watercress vichyssoise

Salmon and herb cheese in puff pastry, with lobster sauce

Assorted fruit sorbets

Broiled veal medallion, stuffed with mushrooms, shallots and *foie gras*, with herbed rice pilaf

Salad with Georgia peanut dressing

Dessert Finale (marquis shaped like a top hat, with a white chocolate cane tipped to the side)

R&I DATA

LABOR COST INDEX: COMMERCIAL TRAINEES IN DEMAND

With greater emphasis being placed on retention because of labor shortages, management trainees showed salary increases in the April survey. The commercial average for starting trainees increased more than 5% over the previous period.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	$28,235	$27,694	$30,628	$29,207	$30,355	$26,879
Manager*	21,439	19,598	20,369	19,625	22,688	18,291
Asst. manager*	18,054	16,564	15,214	15,604	15,942	17,006
Mgmt. trainee*	17,733	15,563	13,723	14,000	15,770	13,967
Cook**	241	228	216	205	205	242
Dishwasher**	173	152	160	132	139	168

Key: *annually **weekly

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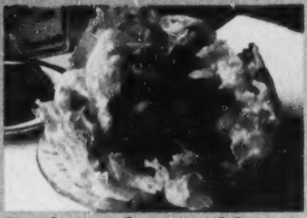

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JUNE 24, 1987

A Cahners publication serving the total foodservice industry

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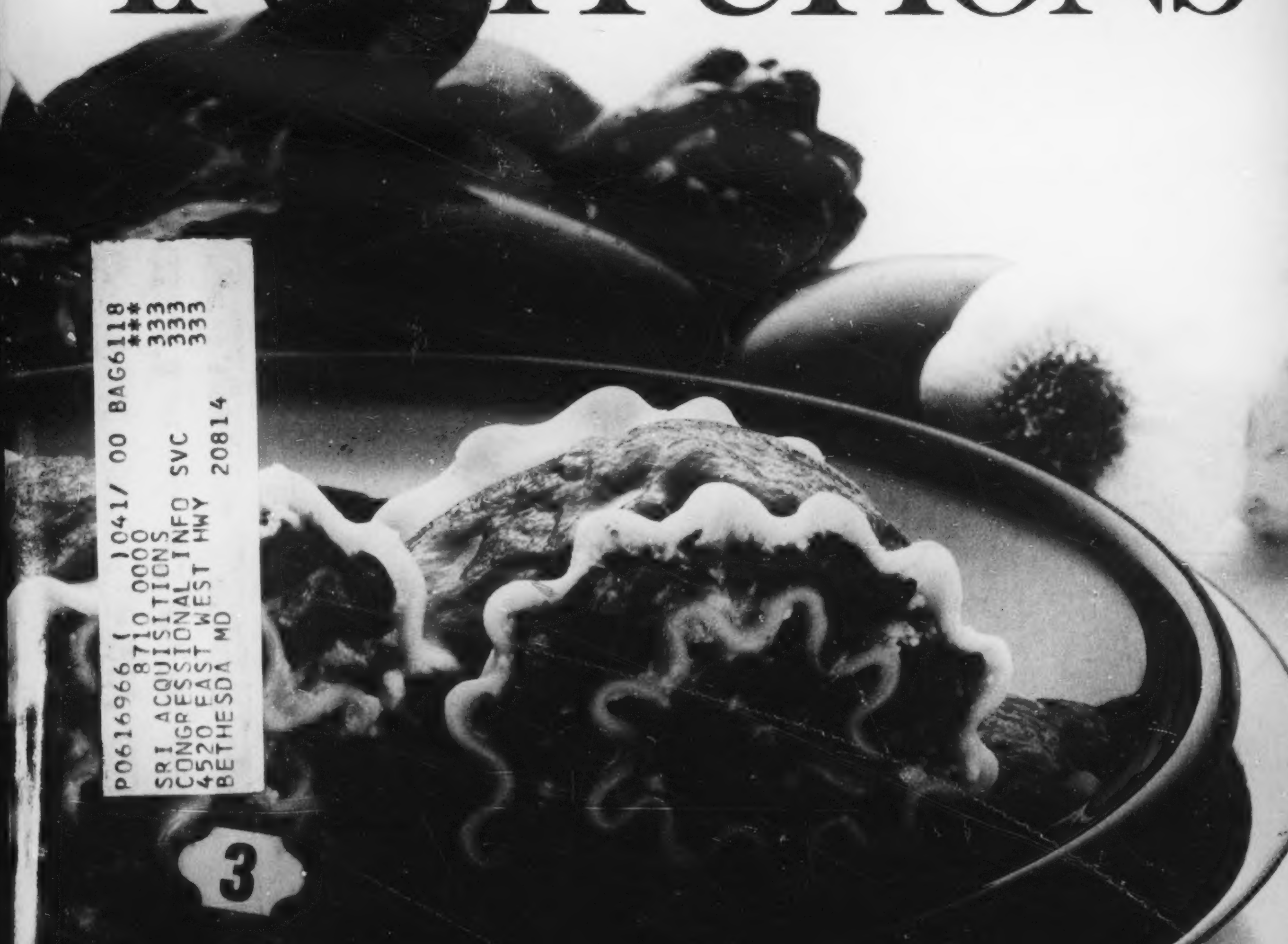

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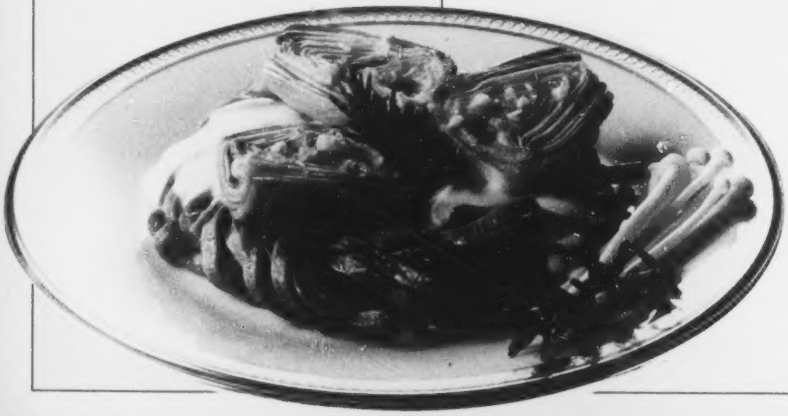

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COVER STORY

TRENDS

Mangiare Fantastico! An Italian Renaissance

Ray (l.) and Frank Capitanini, Florentine Room, Chicago

By Nancy Ross Ryan

Sometimes the bigger the trend, the harder to spot—a case of not being able to see the forest for the trees. Consider Italian food: America is in the midst of the biggest Italian food renaissance since Caterina de Médici brought a culinary dowry of 50 Italian chefs to the French court of King Henry II in the 16th century. Italian food—as we have known it—has been a top American favorite ever since market research started to track menu trends. It still is (see "Unlimited Pastabilities," this feature). But today's transformation of an old favorite into a new trend calls forth all styles of Italian cookery, south as well as north.

Eager patrons of the Italian culinary arts are the new breed of American diners—more widely traveled, more sophisticated and much more adventuresome than their pizza-pie-loving predecessors. They have just tasted a small sample of the ancient and regionally rich cuisine that is Italy's. And whetting their appetites for more are the leading architects of today's Italian renaissance: chefs, food writers, fine-dining restaurateurs, full-service chains and culinary schools.

Italian restaurateurs with fine-dining restaurants are natural artisans of this renaissance. From Anthony May in New York (Palio, La Camelia, Sandro's), to Piero Selvaggio in Los Angeles (Valentino's, Primi), and Frank and Ray Capitanini in Chicago (the Florentine Room), Italian restaurateurs have consistently challenged their customers' palates by pushing their menu boundaries a step or two ahead of current taste.

The Florentine Room is one of three separate restaurants in The Italian Village in Chicago's theatre district, a free-standing, three-story family restaurant complex founded in 1927 by Alfredo Capitanini, now 88 years old and affectionately known as "Nonno" (grandfather) to his sons and grandchildren. Although the Florentine Room currently holds *The Wine Spectator* Grand Award for Excellence for its two-volume wine list with (at this writing) more than 900 wines, 400 of them Italian, and the seasonal cuisine has received rave reviews from local critics, Frank and Ray say their father "was always a trendsetter. The Village was the first in Chicago to serve *Saltimbocca alla Romano,* cannelloni, manicotti and

RESTAURANTS & INSTITUTIONS

Florentine Room Chef Nina Nicolai (l.) and one of her appetizers from the spring menu (below), Coniglio Ripieno, rolled stuffed rabbit with (sweet) red pepper sauce. The Florentine Room menu is seasonal, changing four times yearly. The wine list has more than 400 Italian wines, but the menu suggests two wines appropriate to each entree.

Fred Ashtari, maitre d', Florentine Room

DISCOVERING ITALIAN WINES

According to Patrick W. Fegan of the Chicago Wine School, there are good reasons why Italian wine consumption in the United States has been concentrated on sweeter Lambrusco and inexpensive Chianti-types. "Complicated wine names, unfamiliar grape varieties, lack of education and a low marketing profile have kept the more complex, interesting Italian wines obscure in American minds," says Fegan—even though Italian wines are now America's leading imports.

The following are Fegan's picks:

White: Chardonnays from the Friuli-Venezia Giulia and Trentino regions; experimental wines aged in small French oak from the Piedmont, Tuscany and Veneto regions. Go well with fish, chicken or veal in rich sauces. Pinot Grigio, dry, often reasonably priced wine from the north, a summer wine that goes well with seafood, chicken and light pasta. Other summer wines: Riesling, Pinot Bianco.

Red: Sangiovese from the Chianti hills makes heavier wines. Goes well with polenta, meats, heavier pastas. Estate Chianti Classico, an aged Chianti that is tangy, sturdy without being heavy. Goes with roast lamb and dishes with cheese. Dolcetto is a light, dry, Beaujolais-like wine. Goes well with antipasto. Experimental reds worth noting: Tignanello, Sassicaia, Solaia, Flaccianello, Il Grifi and La Pergolo Torte.

ITALIAN REVIVAL

Midscale, full-service chains introduce new customers to Italian food—fine dining.

semifreddo. He was making his own pasta in 1948."

Because their father was a trendsetter, he supports innovation in the second generation (Frank and Ray) and the third generation (Alfredo, Frank Jr. and Gina, Frank's sons and daughter) who now operate The Village. Innovation recreated the Florentine Steak Room, opened in 1961, as the Florentine Room in 1983, with a new seasonal a la carte menu and a $35 dinner check average. The menu consultant is a poorly kept trade secret: Giuliano Bugialli, Italian chef, author, food historian and culinary arts teacher. Bugialli also worked with Florentine Room chef, Nina Nicolai, who came in 1983 (after training at Cordon Bleu, London, and cooking at the Ritz Hotel, Paris). "Bugialli," says Ray, "came in through the front door as Nina was coming in the back. He is reluctant to have his name associated with any restaurant—for fear the recipes won't be properly prepared—and he says: 'You can't fool me. I have only to come back and taste the food to know whether the basic preparations are being done right!'"

"He gave us the key," says Ray. "As the season goes, so goes the food. And what is new is really very old. Some of the recipes on our menu researched by Bugialli go back for hundreds of years. What we are doing here—in this country—may not be going on in Italy."

"Although," says Frank, "Italians in general don't believe that our restaurants over here compare with theirs. They believe if they traveled through America and had to eat Italian food, they'd starve to death! They put their faith in a good steak, a baked potato and they hope Italian restaurants in our major cities will take care of them."

The Capitaninis' comments on Italian food and wine today and tomorrow include, Espresso: "In Italy it's not served with lemon peel. Maybe that's America's version of *poncino*, espresso laced with a liqueur and served with a twist and a sugar cube. And cappuccino—in Italy it's only for breakfast. If you ask for it after 11 a.m., they'll know you're a tourist. But Americans fell in love with cappuccino. God bless Americans! They fell in love with pasta, which Italians eat as a first course, not an entree."

Regional cooking: "Italy, as a nation, is a little over 100 years old. Regionality is very strong, and so is regional pride: *campanilismo*—that means my area is the best. Italians would be flabbergasted by our wine list because it shows the best of Italy, not just one region."

Italian wines: "We're looking for people who say, 'I don't know much about Italian wines,' because what they will get here is a good bottle of wine for a good price. We've done our homework: tasted the wines, stored them properly and bought at the right times. We have a good cellar now and can ride with it when the prices are high."

Lighter fare, fewer courses: are what the Capitaninis feel that Americans will be eating at the Italian restaurant table compared to the traditional Italian dinner table. But they credit growing nutritional awareness rather than the outcropping of grazing-style Italian restaurants. "The chic, trendy interpretations of Italian cuisine—are they Italian? Not to us. They may be using Italian ingredients, but from there, fantasy takes over."

Italian growth segment: The Capitaninis are unanimous in their feelings that the growth in Italian food, retail and restaurants will continue. And that major restaurant growth will come

The popularity of pizza (thin-crust and deep-dish) paved the way for Italian cousins: calzone, *foccacia* and even designer pizzas.

The Olive Garden's signature spaghetti dinner

from the chains. "They know a good thing when they see it. And big corporations have the money to do things right. We visited The Olive Garden in West Palm Beach, (Fla.) recently and were pleasantly surprised. What they are presenting to the public is very good. The satellite Italian restaurants will help give people an introduction to Italian food, and they will only bring us more customers."

Bill Lombardo, director of marketing for The Olive Garden, General Mills' mid-priced, full-service, 54-unit Italian dinner-house concept agrees: "The average mid-price-range diner has not been aware of quality Italian food. We have priced and portioned fresh Italian foods so this can be an everyday dining experience. We have a very friendly menu—in English. Customers can be inhibited by Italian names for menu items, and not feel comfortable ordering. But after eating at The Olive Garden for awhile, I think customers would feel much more comfortable with an upscale Italian menu and restaurant."

The Olive Garden is the single biggest growth vehicle in General Mills at this time, with average unit volumes at $2.5 million. And although expanding rapidly now—at the rate of 40 new restaurants a year for the next three years until the target of 200 in 1991—it got off to a deliberate slow start. "We had Red Lobster, a very successful restaurant. In the late '70s, General Mills asked the question: 'Is there an idea like it for attracting a breadth of customers on a continuing basis?'" To answer the question, General Mills chose two key people, one with a background in marketing research, the other with a combined operations and marketing background, and left them to work on it for two years.

The Olive Garden No. 1 opened in December 1982, in Orlando, Fla. The second unit didn't open until November 1983. During that first year, says Lombardo, "We continued to change variables and we looked at what was going in the restaurant, adjusting menu, service, decor—all based on our research with actual customers."

By mid-1985, only four units were

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Louisville-based Grisanti's Casual Italian Restaurant is playing a quality, not a quantity, game. Concept is mid-priced, family oriented.

FRESH CHAIN APPROACH

Midscale Italian chains with a fresh approach to watch include:

Florenz Restaurants: Lexington, Ky., (Jerrico) has four units; plans four more in 1987.

Grisanti's Casual Italian Restaurant: Louisville, Ky., (Grisanti's Inc., a division of IMASCO USA) has four units. Expansion through locating quality sites.

The Olive Garden: Orlando, Fla., (General Mills) has 54 units in 12 states. Plans to add 40 new units annually. Target: 200 units by 1991.

Old Spaghetti Factory: Portland, Ore., has 24 units.

The Pasta House Co.: St. Louis. has 23 units.

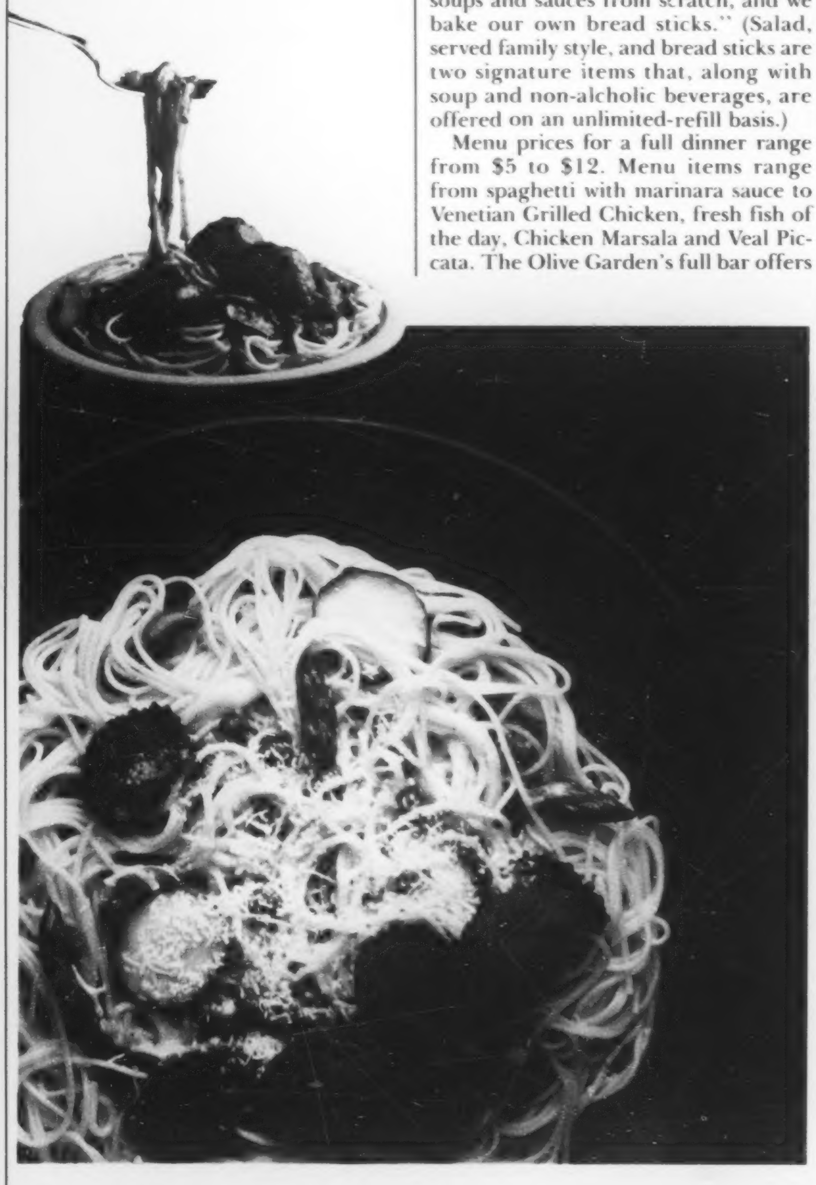
Rossini's Ristorantes: Cleveland, two restaurants in a new Italian dinner-house chain opened by former Chi-Chi's employees. Plans expansion; negotiating for additional sites.

Sbarro: Commack, N.Y., has 202 units (company and franchised) in United States, Canada and Puerto Rico. A family-style cafeteria serving more than pizza and pasta.

Rax Restaurants: Columbus, Ohio, no longer calls its salad bar the endless salad bar. The pasta bar has been added offering four pastas, three sauces, garlic toast, cheeses and soups.

ITALIAN REVIVAL

Second time around: Americans rediscover Italian food—and fall in love again.



opened, all in Florida. Not until July of that year did The Olive Garden move into a second market in Indianapolis.

"We took time early on to develop tools to replicate quality. We concentrated on systems and timing and a lot of testing. We are making our own soups and sauces from scratch, and we bake our own bread sticks." (Salad, served family style, and bread sticks are two signature items that, along with soup and non-alcholic beverages, are offered on an unlimited-refill basis.)

Menu prices for a full dinner range from $5 to $12. Menu items range from spaghetti with marinara sauce to Venetian Grilled Chicken, fresh fish of the day, Chicken Marsala and Veal Piccata. The Olive Garden's full bar offers up to 16 varietal wines by the glass.

"People don't believe we are a chain. We will provide menu variations and food preparation variations to suit customers' needs, and we'll even prepare off-menu items within reason.

"That has been," Lombardo concludes, "One of the big mistakes chains have made. In an attempt to systematize, they forgot the customers."

And that is a mistake that Michael Grisanti is determined not to make with his Louisville, Ky.-based mid-priced Italian dinner-house chain Grisanti's (a result of the December '84 merger with IMASCO USA). "We're striving for quality in food and hospitality that we can replicate in other cities. We're not in a numbers game," says Michael Sadofsky, director of marketing. "We are looking for quality sites that fit our profile—and that will determine how many Grisanti's Casual Italian Restaurants we will open."

Michael Grisanti owns and operates the award-winning Casa Grisanti (Louisville, 1959), Mama Grisanti's (Louisville, 1976), 6th Avenue (Louisville, 1981) and Mama Grisanti's (Bloomington, Ind., 1983). Mama Grisanti's was the basis for Grisanti's, a midscale, family, casual Italian concept with $4.95 to $10.95 dinner entrees (top-priced menu item is a steak at $12.95). "We have more for children," says Sadofsky. "For example, the children's menu, when rolled up, becomes a small toque that they can wear."

Signature items at Grisanti's include Tuscan-style bread served and kept warm on a tray heated by a candle warmer, and accompanied by a spicy marinara sauce for dipping.

"We're going to see an expansion of the entire Italian food category—in retail and in restaurants," says Sadofsky. "We're no threat to fine dining, we have our own concept. We're looking for everyday dining. And we don't think we have a fad. Italian food has been around and will continue to grow —if it is done well."

Helping to make sure that Italian food is done right is a New York-based group of Italian restaurateurs with na-

Spaghetti and meatballs, an all-time favorite, is joined by fettuccine *primavera*.

RESTAURANTS & INSTITUTIONS

Osso Bucco, Caterina de Medici restaurant, CIA

tionwide membership chaired by Anthony May. Founded in 1979, Gruppo Ristoratori Italiani USA is a non-profit, institutional organization dedicated to the better understanding of Italian cuisine and wines in the United States. "There are some 34,000 restaurants in the United States that call themselves Italian," says May, "But there are fewer than 1,500 that specialize in true Italian cuisine, representing all of Italy. Next to American, Italian is the most popular food in the United States. Yet the many flavors of Italy are unknown to most Americans."

The group has held conventions in Italy and, this month, held its first U.S. convention in New York. GRI provides a $5,000 annual culinary scholarship and, it has granted more than $30,000 in curriculum and scholarship funding to the Culinary Institute of America, Hyde Park, N.Y. The grant effectively underwrote the development of the CIA's curriculum in Italian cuisine, as taught in the kitchens and dining room of the semi-public Caterina de Medici restaurant there, opened in 1985.

CIA President Ferdinand Metz returned this April from Florence where he accepted for the CIA the Caterina de Medici Award for educational efforts from the Federation of Italian Chefs and the Chefs' Union of Tuscany. (Other award recipients included Roger Vergé.) Says Metz, "The major trend that I see in this country is part of the effort we are making and that is to put in the minds of the consumer that Italian food is so much more than we give it credit for. At the Caterina de Medici we teach an elevated understanding of Italian cooking in a quality restaurant setting. They graduate from here with the idea that Italian cooking can be as good as you want it to be."

Metz points out that the restaurant, open for dinner to the public, is the only CIA restaurant that they do not advertise during slow months because it always is overbooked. At lunch time, students enrolled in the Italian cuisine curriculum are assigned to eat there, because, "Part of learning how to cook is learning how to eat. Italian is a simple cuisine and that's what makes it challenging. . . to achieve simplicity with elegance."

In pages that follow, *Restaurants & Institutions* takes a look at one of America's favorite Italian foods—pizza, and two family-owned and -operated Italian restaurants that demonstrate the diversity of Italian restaurants in America.

At the Culinary Institute of America, Italian cuisine is a full curriculum. In the Caterina de Medici kitchens, students learn what CIA President Metz calls "an elevated understanding of Italian cooking."

UNLIMITED PASTABILITIES

How popular is Italian food with Americans? In 1986, 70.3% of consumers surveyed in *R&I*'s annual Tastes of America poll said they ordered Italian food when eating out.

According to restaurateurs and foodservice operators surveyed in *R&I*'s 1987 Menu Census, menu items listed as "good sellers" included (percentage of respondents follows menu item):
Pasta with sauce . . . 83.2%
Spaghetti with sauce . . . 82.9
Pizza . . . 82.8
Spaghetti with meatballs . . . 81.9
Lasagna . . . 79.4
Pasta salad . . . 65.1
Stuffed shells . . . 60.9
Stuffed pizza/calzone . . . 56.2

"Best-selling" menu items added last year included:
Lasagna . . . 3.4%
Pasta salad as entree . . . 2.4
Fettuccine . . . 1.7
Pasta salad as salad . . . 4.4

Of all respondents, 83.1% said they had an Italian dish on the menu; 75.3% said they served pasta.

Of those surveyed, 17.9% said that Italian food is of growing importance in menu planning.

ITALIAN REVIVAL

PIZZA PIE: IT'S *AMORE!*

Popular pizza—how do we love thee? Let us count the ways: Thin crust, thick crust, deep-dish, rolled, folded and stuffed. With cheese and sausage, tomato sauce, tomatoes, pepperoni, mushrooms, onions, green peppers, anchovies, bacon, spinach.

Proof positive: Seven of the top 50 restaurant chains in the United States are pizza chains. Of those seven, the following five have shown above industry-average growth:

Chain	$MM sales 1986	% growth '85-'86
Pizza Hut (Pepsico)	$2,503.4*	+12%
Domino's	1,500	+38%
Little Caesar's	770	+126%
Pizza Inn**	269.7	+6%
Round Table Pizza	250	+27%

* *R&I* estimate **Being acquired by Pantera's
Source: Chains 50, 1986, *Restaurants & Institutions*, a Cahners Publication.

From caveman to California: Pizza has come a long, long way.

Pizza, like pasta, has an ancient pedigree. And today's California designer pizzas can trace their lineage to the earliest pizza-like bread baked by Neolithic tribes in parts of Italy before 1000 B.C. According to Evelyne Slomon in "The Pizza Book," (Times Books, 1984) these ancient tribes baked a crude batter of wild grains on hot campfire stones, then filled them and ate them. Around 1000 B. C., the Etruscans arrived in the area, and baked a slightly more refined mush on stones beneath the ashes of the fire, then seasoned the cakes with oil and herbs. This form was adopted by the Romans, who called it *focaccia* (meaning fireplace floor bread), and they introduced it to all the lands they conquered. Slomon claims that the flatbreads of France, and the hearthcakes of Scotland are related to this oldest style of pizza, And to take Slomon's premise one step further, so are California designer pizzas.

While the Greeks—the best bakers in southern Italy between 730 to 130 B.C.—elevated pizza to ancient culinary heights it was the Neapolitans in the 18th century who added tomato.

And, in 1889, the world's most famous and favorite pizza was invented by Raffaele Esposito who created a tomato, mozzarella and basil pizza honoring the colors of the Italian flag and Italy's Queen Margherita.

America's first pizzeria was opened by Gennaro Lombardi in New York City. In the 1920s, family-run pizzerias sprang up in the northeast, serving thin-crust, New York-style pizza, and in the early 1940s, Chicago-style deep-dish pizza was created by Ike Sewell and Ric Riccardo at Pizzeria Uno, still dishing up deep-dish today. In Postwar New York pizza-by-the-slice became a hot item, and by the '60s pizza was mass-produced and frozen.

The '70s saw the whole wheat crust, health food pizza, and the debut of sophisticated gourmet pizzas.

Today, Americans are discovering new versions of pizza that are really very old: calzone, *panzerotti*, *pitta* (stuffed) and *bonata* (rolled). And, fueled by America's appetite for pizza, who knows what forms will come from tomorrow's ovens?

continued on page 50

Pizza was cited as a "good seller" by 82.8% of operators polled in *R&I*'s 1987 Menu Census; stuffed pizza and calzone by 56.2%.

ITALIAN REVIVAL

Potesta's is a mom-and-pop operation with sons, daughters, sisters and grandchildren.

Two generations at work: Frank Potesta (l.) prompts his daughter Joan and her husband Jerry Gruber on proper customer-service routines to ensure prompt completion of orders.

On location: Fran Potesta does KP in the Waukegan, Ill. location of Potesta's Pizza and Pasta, the first of five Potesta family restaurants; a sixth unit is in the works.

The late comedian Jimmy Durante was the furthest topic from Frank Potesta's mind that day in 1974 as Potesta stood outside the small storefront he intended to rent for his first restaurant venture. But Durante's famous line, delivered with a roll of his eyes and an upward tilt of his famous nose, "Wait a minute, wait a minute! Now everybody is trying to get into the act!" would prove prophetic.

In 1974, at age 54, when the midlife crisis waits to ambush anxiety-ridden corporate executives, Frank Potesta, then-vice president and comptroller of an expanding company planning to merge and move, refused to accept a transfer. He stayed behind, jobless, in Grayslake, Ill.

While savings melted away, Potesta juggled thoughts of opening a small business while wondering what product he would sell. The savory aromas from his own dinner plate gave him the answer: his Italian mother's recipes for pasta, embellished by Potesta's inborn culinary talent.

With borrowed capital, the Potesta family settled on a small storefront location in Waukegan, Ill. Since the bookkeeper in Potesta never retired, he calculated just how many pizzas would support a business and the family. And so Potesta's Pizza and Pasta was modestly launched. Within a year, the popularity of Italian cuisine did the rest. The seating capacity tripled. Fran Potesta hand-sculpted each meatball, stood watch over sauces and precision-timed the cooking of pasta. Her imagination simmered with ideas to perfect traditional southern Italian treats, and she created such menu cornerstones as the Potesta's popular lasagna.

Success led to new family ventures. Under his guidance, Potesta's sister and nephew opened their own restaurant with the more flamboyant name "The Red Noodle."

The Potesta's fifth restaurant, this time in their own building with a parking lot in Hoffman Estates (a large community development near Chicago), is manned by sons Jim and Dave. And the Potestas are remodeling new space for a sixth restaurant, to be managed by son-in-law Niels Prips. In 1986 the Potestas reported a $2.5 million food-and-beverage sales for their first five sites, a testimony to the foundation on which some of America's most successful and prestigious restaurant companies have been built: strong family ties.

—Audrey Garvey

continued on page 61

Potesta grandchildren (l. to r.) Mark, Shawn, Elliott and Brian

R&I DATA

FOOD COST INDEX: COFFEE SHOWS SECOND MONTH OF DECLINING PRICES

The market-basket total is inching its way back up after a low of $103.37 last month. June total: $107.65. Coffee imports during January dropped a significant 45% from a year ago to just 1.44 million bags. This brought cumulative imports 23% under 1985/1986 to just 5.8 million bags. The decline in imports is attributable to the larger than normal stocks that roasters in the United States have on hand after making significant purchases last year when prices were advancing rapidly.

		% change	
	6/87	**5/87**	**6/86**
Hamburger (lb. 85% lean)	$1.24	-2	7
Chicken (lb. cut for frying)	.79	-24	-12
N.Y. strip steak (lb./avg.)	3.42	-4	-18
Bread (Pullman loaf)	.73	-3	-3
Lettuce (iceberg/head)	.48	-13	-21
French fries (30 lb.)	1.34	4	-8
Tomatoes (lb.)	.51	-18	-15
Milk (gal.)	1.68	2	-8
Eggs (doz.)	.68	-4	-4
Peaches (case/#10)	18.22	-1	-2
Peas (case/#10)	1.33	14	13
Frozen beans (30 lb.)	15.54	-5	0
Ice cream (vanilla/gal.)	2.72	-3	-12
Butter (lb.)	1.48	-3	—
Cheddar cheese (lb.)	1.63	6	—
Sugar (100 lb.)	31.13	14	5
Coffee (lb.)	2.68	-6	-16
Breaded fish portions (lb.)	1.65	30	15

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FOOD PRICE UPDATE

Steps Taken to Improve Inspection Program

More than 7,000 meat and poultry plants are under federal inspection.

In the wake of an upsurge of criticism of the U.S. Department of Agriculture's meat and poultry inspection program, the director of its Food Safety and Inspection Service, (FSIS), Donald L. Houston, went to Capitol Hill on April 8, to defend it as "one of the most comprehensive public health programs in the world." Currently, more than 7,000 meat and poultry plants are under federal inspection, and the USDA's field force numbers 8,000.

According to a recent article in *The Food Institute Report*, Dr. Houston, testifying before the House Subcommittee on Livestock, Dairy and Poultry, said officials at the department were keenly aware of increasing concern by consumers about possible microbial contamination of meat and poultry.

In partial response to that concern, he said: " . . . we are developing a proposal that would allow companies to use special labeling if they operate microbiological control programs that use approved techniques to reduce contamination in raw products.

"The agency would monitor the systems and develop microbiological guidelines. We think that such a program would be embraced by many progressive companies. Already, several meat plants are experimenting with organic-acid processes to reduce salmonella.

Dr. Houston said that the FSIS also was striving to improve its surveillance procedures for detecting illegal residues of pesticides and other agricultural chemicals in meat and poultry. "Expected to be 'on-line' within the next few months," he said, "is a computerized Residue Violations Information System that will keep track of residue violations nationwide."

—Kathleen Marshall

Chicken prices are at 79 cents per pound, down 24% from a month ago.

ACTION EXPRESS

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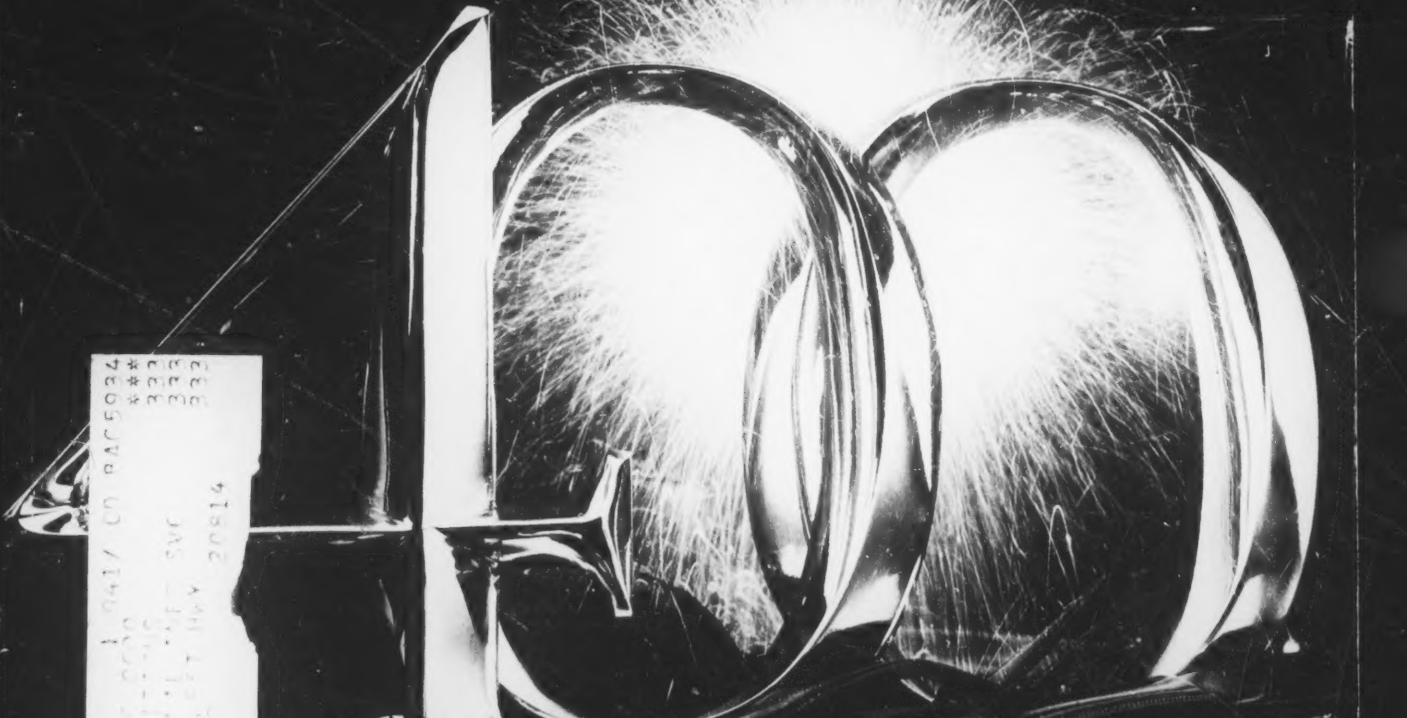

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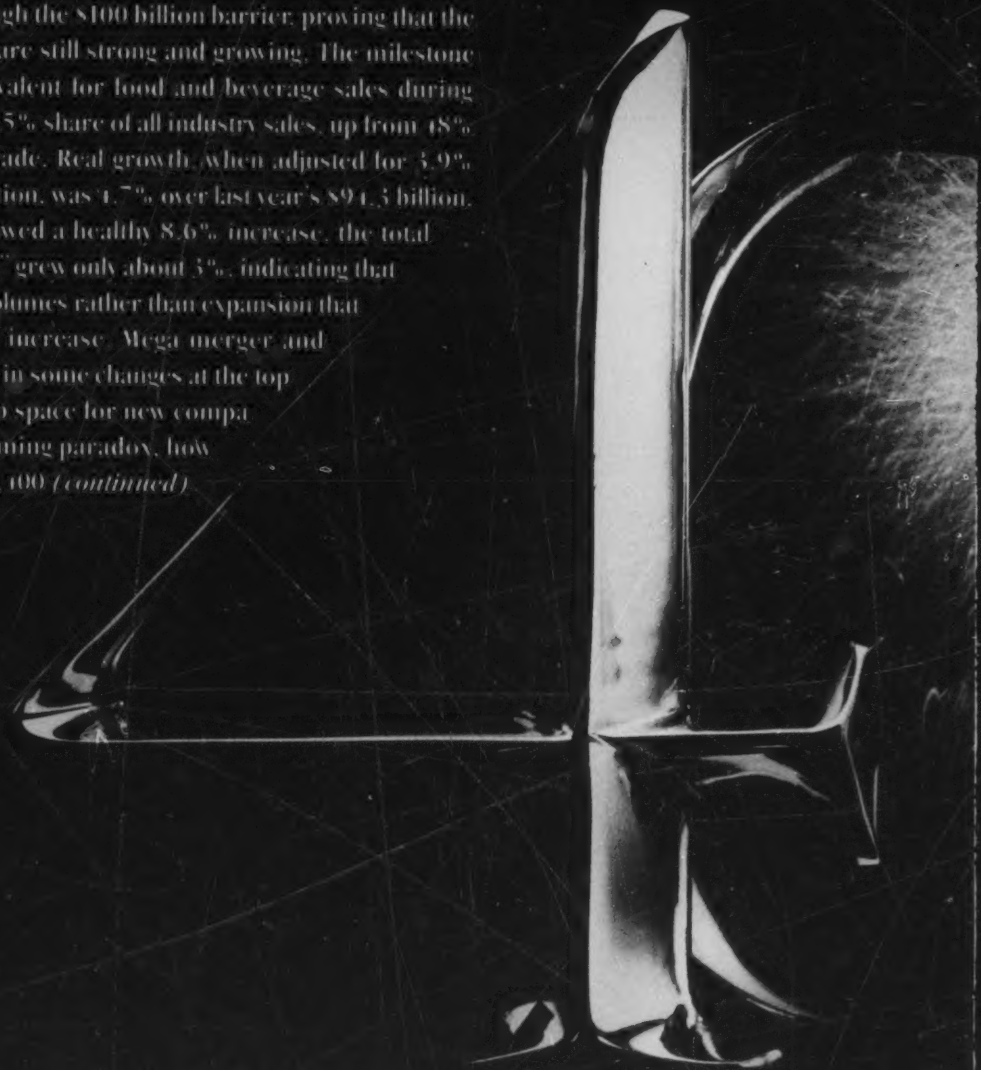
OVERVIEW

Milestone! 1986 "400" Tops $100 Billion

Compared to earlier times, 1986 was certainly not the most exciting year foodservice has ever experienced. Nevertheless, it was the time the *R&I* "400" broke through the $100 billion barrier, proving that the big players in the industry are still strong and growing. The milestone total—$102,432,540 equivalent for food and beverage sales during 1986—gave the "400" a 50.5% share of all industry sales, up from 48% at the beginning of the decade. Real growth, when adjusted for 3.9% food away from home inflation, was 4.7% over last year's $94.3 billion. While unadjusted sales showed a healthy 8.6% increase, the total number of units in the "400" grew only about 3%, indicating that it was higher average unit volumes rather than expansion that accounted for most of the increase. Mega merger and acquisition activity resulted in some changes at the top of the "400" and opened up space for new companies at the bottom. In a seeming paradox, however, the sales volume for No. 400 *(continued)*



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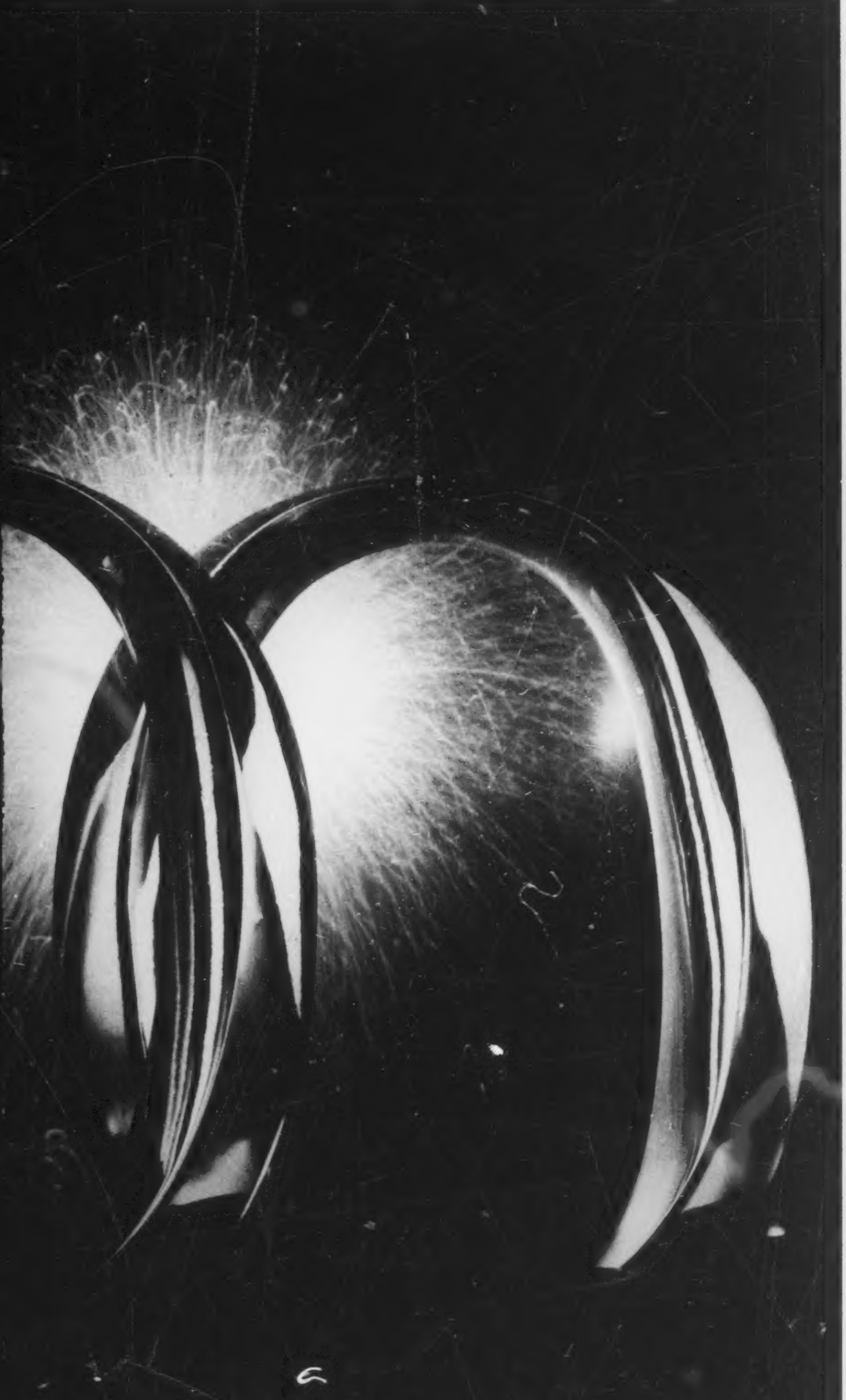

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400: OVERVIEW

Acquisitions cause top chains to trade places while smaller companies struggle to gain.

dropped from $29 million last year to only $26 million for 1986. The reason is that many of the big losers this year clustered near the bottom of the "400." While it was a good year at the top, business was tough for many companies farther down.

There was 9% turnover in the "400" as 35 new companies took their places in the ranking. Of those that dropped out, 12 were acquired by another member of the "400."

In spite of 1986's major mergers and acquisitions, changes at the top of the "400" were less dramatic than might have been expected. The big change was the result of PepsiCo's acquisition of KFC which moved it into the No. 2 sales spot, unseating Pillsbury. In terms of units, the PepsiCo holdings now outrank McDonald's, 14,811 to 9,410.

It took a sales increase of more than $416 million to push Domino's from No. 16 to No. 12, indicating how tough it is to improve at the top. Even the acquisition of Saga was not enough to propel Marriott from the No. 4 position it held a year earlier. The recently announced purchase of Denny's, however, could finally push this diverse giant into third place.

Even though the rank order of the top companies remained relatively static, there was plenty of wheeling and dealing among major players. The biggest move, again, was PepsiCo's purchase of KFC for $841 million. The acquisition makes PepsiCo the leader in chicken, pizza and Mexican segments.

Marriott bought Saga, then sold Saga's restaurants to a new company called American Restaurant Group, which is headed by former W.R. Grace executive Anwar Soliman. Last month, Marriott announced acquisition of Denny's. Speculation is that many of its Big Boy operations will be converted to Denny's.

Meanwhile, W.R. Grace spun off most of its restaurant operations into a new company called Restaurant Enterprise Group Inc., which is headed by another former Grace executive Norm Habermann. Given the present business climate, buying and selling is likely to continue.

McDonald's, for the 15th year in a row, was first in sales with $12.4 billion, up $1.4 billion (12.7%) from last year. This means the hamburger giant now accounts for 12.1% of the entire "400's" sales figure. In addition, its performance represents 17.2% of the "400's" growth for 1986.

Other leaders in sales growth after McDonald's were Domino's which added $416 million in sales and 715 units, Hardee's with $365 million new sales, and Little Caesars with $180 million. PepsiCo's Kentucky Fried Chicken stores added $400 million, while its Pizza Hut unit grew $275 million. Leaders in unit growth after Domino's were Pizza Hut (676), McDonald's (509) and Little Caesars Pizza (408).

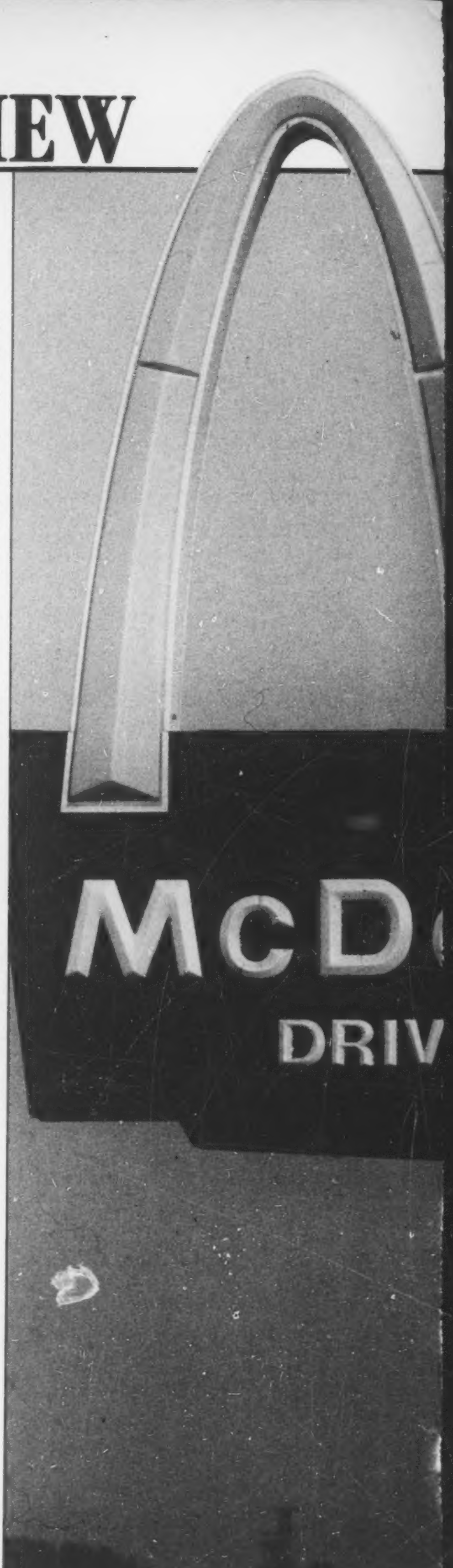
Little Caesars continues, along with Domino's, as one of the hottest chains in the "400," which testifies to the strength of the pizza segment. Since 1982, sales are up 415% and units 376%. During 1986 alone, sales went from $340 million to $520 million, an increase of 53%.

Another pizza company also made a dramatic leap, as Pantera's not only bought Pizza Inn, but also became the new franchisor for Concept Development's former Godfather's units. As a result, sales went from $24 million to $60 million and units from 62 to 120 as the company catapulted into the "400" at No. 232. (Lists of this year's winners and losers, are on pages 32 and 33.)

In the hamburger segment, McDonald's domination is supreme. Its total sales figure is more than twice that of Burger King, a margin which grew again last year. Hardee's continues to press Wendy's, which is riding out a slump, showing sales growth of only 1.9% between 1985 and 1986. While Hardee's did not top Wendy's in sales in 1986, the Imasco unit did outpace its rival in customer traffic.

Advertising among the majors also grew. McDonald's spent a whopping $7.89 million, or 6.3% of its huge sales total on ads. During the year, it embarked on an ambitious and controversial print effort to explain its nutritional position. Ad expenditures for the 10 biggest advertisers totaled $1.348 billion.

Companies that franchise account for nearly 51% of all "400" sales.



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onald's
E-THRU
TACO BELL
DRIVE THRU
tucky
Fried
Chicken

'400' COMPANIES AND THE INDUSTRY

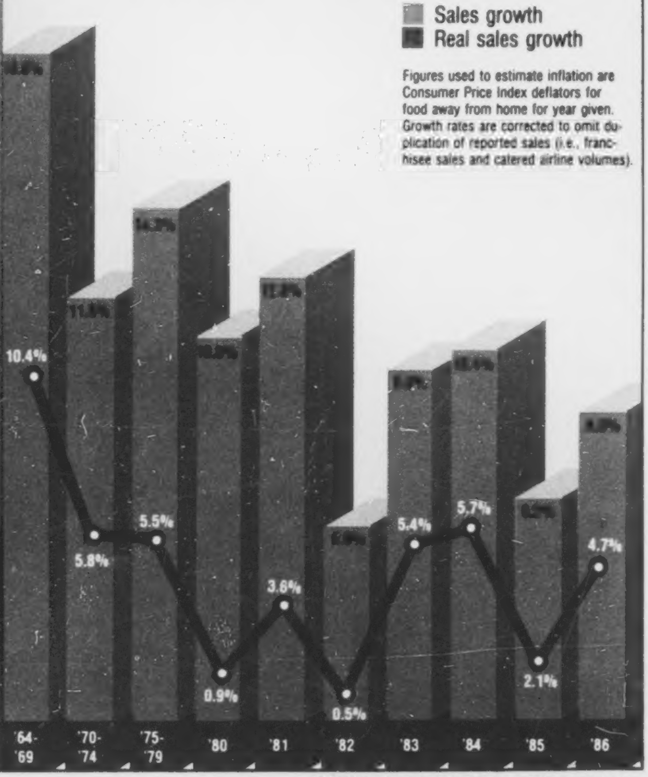
Total sales for the "400" rose once again to hit 50% of total foodservice sales, matching 1983's performance, after dropping to 49% in 1984 and 1985.* The "400" showed growth of 8.6% for the year. When estimated inflation for food away from home (3.9%) is factored in, the real growth rate was 4.7%.

	'65	'70	'75	'80	'85	'86
Total U.S. foodservice market sales ($ billion)	31	47	78	129	192	203
Total "400" company sales ($ billion)	10	18	33	62	94	102
Inflation rate based on CPI for food away from home	2%	7%	9%	10%	4%	4%
"400" companies as a percent of foodservice industry	32%	38%	42%	48%	49%	50%

*Total foodservice industry sales for 1984 and 1985 adjusted; "400" percentage adjusted accordingly. All figures are rounded to the nearest whole number. Total sales figure for "400" corrected to omit duplication—franchisee sales and catered airline volume subtracted.

UPPING THE ANTE IN REAL GROWTH: THE '400' SCORES BIG REAL-GROWTH GAIN

After a sharp decline in real growth for 1984-1985, the "400" rose back to its more normal, high-rolling self. Mergers and acquisitions on the high end of the "400" made room for new sales dollars, while still including those that "disappeared" into new foodservice conglomerations.



Figures used to estimate inflation are Consumer Price Index deflators for food away from home for year given. Growth rates are corrected to omit duplication of reported sales (i.e., franchisee sales and catered airline volumes).

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400: OVERVIEW

Of "400" companies, 28.5% now provide foodservice in institutional environments.

The industry spotlight is most often focused on the commercial giants. But today, some of the more interesting activity centers around foodservice management companies. In recent months, ARA, having sucessfully completed its leveraged buyout, purchased Szabo. Marriott, absorbed the Saga contract management operations; Morrison's bought Custom Management, and Greyhound has made an offer for Carson Piries Scott's airline catering business.

The growing strength of the "400's" institutional giants is further illustrated by the fact that this year 114 members operate in institutional environments, up from 109 last year.

Some smaller and newer companies are also doing well. Mrs. Fields' will expand beyond cookies with its purchase of PepsiCo's La Petite Boulangerie. Newcomer Huddle House plans to open 25 24-hour breakfast stores in '87. Aggressive Schlotzsky's added 30 units in '86; plans 40 more this year.

The Riese Organization proved that a powerful franchisee can force peaceful coexistence on otherwise competetive concepts. Its new vertical mall in New York City houses Roy Rogers, Dunkin' Donuts, Pizza Hut, National Frankfurter and Beefsteak Charlie's.

"If you can't beat 'em, join 'em," was also the attitude toward c-store operations. Both Hardee's and Church's launched joint ventures with 7-Eleven, while Circle K attracted Pizza Inn and Dunkin' Donuts. Even a smaller c-store chain such as Little General was able to attract a strong partner in Godfather's.

Looking ahead to 1987, the members of the "400" face challenges that are part of a maturing industry. The public, once enchanted with the idea of eating out, is now easily bored. Simply introducing new marketing concepts and new products no longer is enough.

The customers of the '90s will demand more than speed and convenience. They also will demand service. Defining what that service level is and how it can be provided on a mass basis will be the challenge that faces members of the "400" during the latter part of the decade. Those who first unlock the secret will be tomorrow's "400" stars.

Full-service chains such as Bob Evans do $3 billion of the "400's" sales.

NEW TO THE "400"

New York City Dept. of Procurement
Hospital Purchasing Services
Illinois Dept. of Central Mgmt. Services
THF-Eastern
TCBY Ent. Inc.
U.S. Restaurants Inc.
Pantera's Corp.
Commonwealth of Pennsylvania Dept. of Public Welfare
New Jersey Dept. of Corrections
Florida Dept. of General Services
Vall Ent.
Pennsylvania Dept. of Corrections
Jerry's Systems Inc.
Huddle House Inc.
Sonesta Intl. Hotels Corp.
LaRosa's Inc.
Amerinet/Intermountain Health Care
Heidman Inc.
4B's Restaurants Inc.
Olga's Kitchen Inc.
Casa Olé Restaurants & Cantinas
Rosewood Hotel Group
Texas Dept. of Corrections, Food Service Dept.
The Management Group Inc.
Vie de France Restaurant Corp.
Busch Entertainment Corp. Recreation
Allen & O'Hara Inc.
Perk Development Corp.
Fairfax County Public Schools
Pappas Restaurant Inc.
State of Tennessee Dept. of Corrections
The Pasta House Co.
Grand American Fare
Pepe's Inc.

400: BACKGROUND

AND THE WINNAH IS . . .

Huge sales gains were seen by a number of "400" companies . . . some the result of merger and acquisition activity during 1986. The winner is Pantera's which bought Pizza Inn and became the franchisor for Concept Development's former Godfather's.

Company	Sales gains
Pantera's Corp.	150.0%
Doubletree Inc.	142.9
PepsiCo Foodservice Div.	135.3
MHM Inc.	131.5
The Mariner Corp.	128.5
Ryan's Family Steak Houses	90.9
Trans World Airlines Inc.	88.6
National Medical Ent.	88.5
International Foodservice Co.	86.4
Chili's Inc.	67.6
Wom Ent. Inc.	60.1
Guest Services Inc.	58.7
University of Wisconsin System	56.5
Interstate Hotels Corp.	55.3
Trusthouse Forte Hotels Inc.	54.5
Little Caesar Ent. Inc.	52.9
Red Robin Intl.	51.1
Doctors Associates Inc.	48.9
Dayton Hudson Dept. Store Co.	48.3
Nutrition Mgmt. Services Co.	45.8

Note: Companies with sales estimated by *R&I* or that employed a change in the method of reporting are not included

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■ RANKING THE '400'

Taking Apples and Oranges and Making Them Equal

The rules of ranking the *R&I* '400.'

If all foodservice companies were the same, ranking the *Restaurants & Institutions* "400" would be simple. But foodservice organizations are a mixture of apples and oranges that range from closely held family businesses to government institutions, with fiscal years ending at various times throughout the year. Because of this, *R&I* establishes certain rules in an attempt to put all organizations on equal footing.

Foodservice sales (for commercial operations) or purchases (for institutional operations) were accepted only for the calendar year 1986 or a fiscal year that ended after July 1, 1986. Projections through June 30, 1987, were accepted.

The sales figure listed for companies that franchise includes both domestic and international stores as well as sales in franchised units. The figure does not include royalties or franchise fees.

A multiplier (2.8) was applied to the purchasing figure for all institutional organizations to arrive at a commercial sales equivalent. This is done because most institutions do not sell their food, or if they do, the markup usually is not as great as in commercial operations. The 2.8 multiplier translates into a food cost of about 35.5%, about midway between fast-food and full-service restaurants.

A multiplier (1.5) was applied to airline food and beverage purchases from caterers to reflect the markup already applied by the caterers. Raw food and beverage purchases by airlines receive the full 2.8 multiplier.

Companies that could not or would not separate their food and beverage sales or purchases from other company revenues (from other lines of business) were estimated by *R&I*. All sales or unit figures estimated by *R&I* are marked with one asterisk (*).

Sales or unit figures that were estimated by the foodservice organization itself are indicated by two asterisks (**). Any data that was given for a fiscal year ending other than Dec. 31 is so indicated in the paragraph accompanying each listing.

A footnote (A) is used to indicate the previous year's data inadvertently included sales or purchases other than food and beverages (from gift shops, cover charges, gasolines sales, etc.).

A footnote (B) is used to indicate a company has employed a new method of reporting, usually a switch from calendar year to a fiscal year, or a change in accounting for units (from accounts to actual serving locations, etc.).

A footnote (C) indicates a company has estimated the sales of its franchisees.

A footnote (R) indicates the figure that appeared in last year's "400" has been revised, usually because the company has provided more detailed information about past results.

All sales figures are listed in millions. In the accompanying paragraphs, the abbreviations MM and K are used to signify millions and thousands, respectively. The abbreviation AUV is used for annual average unit (sales) volume. Fy is used to designate fiscal year and co. is the abbreviation used for company.

Companies are listed under a parent company name if the parent company operates more than one foodservice concept.

Companies that were acquired or merged during 1986 are listed on their own in the 1986 *R&I* "400" if they operated independently for more than half of 1986.

In the case of a tie (two or more organizations with the same sales figure or commercial equivalent), the following tie-breaking rules apply: Organizations that provided actual sales were ranked first. If two or more organizations fell into this category, they were listed alphabetically. Companies that provided an estimated sales figure or a projection of sales for a fiscal year ending after the questionnaire deadline were ranked next. Companies whose sales were estimated by *R&I* were ranked last.

DOMINO'S PIZZA
DOMINO'S PIZZA
DOMINO'S PIZZA
Free Delivery

Being a single concept company, Domino's sales are easy to find within Domino's Pizza Inc. Taco Bell, however, is part of PepsiCo. Therefore, Taco Bell's sales are included within its parent company's sales.

YOU'VE LOST THAT GROWING FEELING . . .

Americana Hotels is in the process of selling its remaining hotels. Victoria Station is still trying to get back on track. A noticeable number of the companies that showed sales drops between 1985 and 1986 were at the low end of the "400."

Company	Sales losses
Americana Hotels Corp.	−55.8%*
Victoria Station Inc.	−33.8*
Rodeway Inns Intl. Inc.	−28.4**
Lifestyle Restaurants Inc.	−27.4
U.S. Marine Corps Military Clubs Branch	−23.5
Mr. Steak Inc.	−23.4
G.D. Ritzy's	−20.7
Swensen's Ice Cream Co.	−20.2**
CVI Service Group Inc.	−19.6
State of Kansas Div. Purchasing	−17.2
Monterey House Inc.	−17.1
Adventist Health System	−16.6
Frontier Ent.	−14.9
Consul Restaurant Corp.	−14.8**
Hospitality Intl. Inc.	−14.8**
Sky Chefs Inc.	−14.2
Southern Hospitality Corp.	−14.2**
Dino's USA Inc.	−11.1
AIFAM Ent. Inc.	−10.5
Shakey's Inc.	−10.5

*Based on *R&I* estimate; **based on company estimate.

sa
Stuart Anderson's
CATTLE
COMPANY
RESTAURANT

Stuart Anderson's: from Saga to Marriott to American Restaurant Group.

■ **MERGERS & ACQUISITIONS**

The Growing Doesn't Stop When Companies Hit Top

'400' top 20 active in latest merger activity.

To see the scope of merger and acquisition activity during 1986 and 1987, look no further than the top 20 companies in last year's *R&I* "400." No fewer than six of these companies—PepsiCo, Marriott, Kentucky Fried Chicken Corp., Trans World Corp., Saga Corp. and the W.R. Grace Restaurant Group —were major players in the buy-or-be-bought scene. (For the Marriott-Saga story, see sidebar.)

PepsiCo moves from No. 3 in the 1986 "400" to No. 2 this year by acquiring No. 5 **Kentucky Fried Chicken Corp.** from **RJR Nabisco** for $841 million. The sale came less than four months after RJR Nabisco said it had no plans to sell KFC. The purchase makes PepsiCo the parent company of more restaurants than McDonald's and gives PepsiCo the largest single-company market share in the chicken, pizza and Mexican segments.

Trans World Corp. remains in this year's top 10, but only after slimming down to become a new company, **TW Services**, to head off a takeover bid. What remains is Spartan Food Systems Inc., Canteen Corp. and American Medical Services Inc. Gone is Hilton International Hotels, sold to **Allegis** (formerly UAL) for $980 million. The acquisition adds 88 hotels to the 61 Allegis already owned through its Westin Hotels division.

A year ago, it appeared that Anwar Soliman would be heading the leveraged buyout of a majority of the **W.R. Grace Restaurant Group**. But when Soliman dropped out of sight (only to re-emerge as part of the American Restaurant Group), Norman Habermann, another management member of the Grace Restaurant Group, stepped forward to complete the transaction as 1986 ended.

The new organization, known as the **Restaurant Enterprises Group**, Irvine, Calif., is made up of about 690 restaurants under such names as El Torito, Coco's, Carrow's, Reuben's, Charley Brown's, Darryl's, Houlihan's, Bristol and Devon.

But the sale does not remove W.R. Grace from the restaurant industry. Grace retained warrants allowing it to purchase a 47% equity share in Restaurant Enterprises Group. Grace also kept 182 restaurants under the Del Taco and Taco Villa names, 36 Applebee's and acquired the eight-unit The American Cafe operation based in Washington, D.C.

But a company did not have to be in the top 20 to be involved in merger and acquisition activity.

After successfully fighting off an acquisition attempt by **USACafes** in 1985 and 1986, **Ponderosa** was taken private in December 1986 by an investor group led by Asher Edelman. Ponderosa officials rejected an offer of $27.50 a share from Edelman's group, but later agreed to one of $29.25.

For months, **Pizza Inn** management, led by Chairman F.J. Spillman, had been attempting to acquire the company by way of a leveraged buyout. But when plans stalled, **Pantera's Inc.** stepped in with a $45 million offer to purchase the Dallas-based chain of more than 700 units. Pantera's also grabbed the 40-unit Inland Pizza Corp., which operated Godfather's outlets in the Denver area. Rather suddenly, Pantera's of St. Louis has gone from a respectable 120 restaurants to a powerful operation in excess of 850 units.

Carson Pirie Scott & Co. in June 1986, agreed to a joint venture catering operation with SAS Service Partner, an affiliate of Scandinavian Airlines Systems. Three days later, Carson announced it was selling its 124 Steak

Kentucky Fried Chicken
Drive Thru

KFC joined the PepsiCo stable.

'n Egg Kitchen restaurants to Diversified Hospitality Group.

Restaurant Associates Industries Inc. strengthened its Acapulco chain, which it purchased in 1985, by acquiring the 10-unit Casa Vallarta chain in California for $8 million in cash. The Casa Vallartas will be converted into Acapulco restaurants as part of a company program to increase Acapulco from 31 restaurants with $49 million in sales to 41 restaurants grossing $70 million within about a year. Staying true to its diversified background, Restaurant Associates also bought the six-unit The Office group of informal neighborhood restaurants in New Jersey.

The biggest Burger King franchisee changed hands during 1986 as **Carrols Corp.** was purchased by a group made up of David Conner, Carrols president, other members of Conner's management team and Morgan Ventures III, a company led by Alan Vituli and Peter Weidhorn. The acquiring corporation spent about $88 million to purchase all of Carrols' outstanding shares.

Chili's Inc. and Sunstate Restaurant Corp. became joint venture partners in 14 Chili's already operating in Florida and Georgia. Chili's made the acquisition by tendering Sunstate 405,000 newly issued shares of Chili's common stock.

Where sausages are, will restaurants follow? It seems likely for **Bob Evans Farms**. The company in January 1987, purchased Owens Country Sausage Inc., Richardson, Texas. Like Bob Evans, Owens produces and distributes sausage products. Owens had only one restaurant at the time of the purchase, but it appears probable that Bob Evans will expand the company's restaurant operations into Owens' Southwest and South strongholds.

Prufrock Restaurants, made up of 40 Black-eyed Pea and five Dixie House restaurants, was sold to Unigate PLC for more than $40 million. Unigate, a British company, also owns **Casa Bonita**. Both Prufrock and Casa Bonita are based in Dallas.

Other highlights from the 1986-87 period included:

- **McDonald's** purchased 12 units franchised to **Conquistadors Inc.** and about 32 units franchised to **McDonald's of Greater Cincinnati**. In the latter transaction, the Cincinnati company's six remaining restaurants were divided into three groups and McDonald's of Greater Cincinnati was disbanded.
- **Jerry's Subs and Pizzas** acquired one established concept, eight-unit Jack's Food Systems Inc., and a brand new one, Backyard Burgers, developed by a Jerry's franchisee.
- **Nestle** merged its Stouffer and Borel restaurant divisions. Borel moved its offices from San Mateo, Calif., to Stouffer headquarters in Solon, Ohio.
- Reliance Group Holdings Inc. announced it owned or controlled 45% of **Days Inn Corp.** stock following the purchase in December of 777,750 shares.
- Ronald Higgins led a group of company executives in the inside leveraged buyout of **Trans/Pacific Restaurants Inc**. No sale price was released for the December purchase of 53 restaurants under nine different formats that are located in California and Hawaii.
- **Friendly Ice Cream Corp.** bought 35 restaurants, 23 from Litchfield Farms Shops Inc. and 12 from Idlenot Farms Restaurants Inc.

—Brad Stratton

Straw Hat PIZZA

Some Straw Hats will become Pizza Huts.

Saga

Among the year's most complex restaurant stories was the Saga saga. Saga, the former diversified food giant, was ranked No. 14 in the 1986 *R&I* "400"; a year later parts of it appear in three different places. The ink on the June '86 agreement between Saga and Marriott had barely dried when Marriott sold the Straw Hat Restaurant Inc. pizza chain to Pepsico's Pizza Hut Inc. The sale to Pizza Hut did not include the Straw Hat franchise system. Five other operations that were part of the Saga deal —Stuart Anderson's Black Angus, Grandy's, Velvet Turtle, Spoons and Spectrum Foods— were sold to the American Restaurant Group Inc. of Newport Beach, Calif. Marriott retained Saga's foodservice group and incorporated it within its own food management division.

400: ADVERTISING

WHO'S SPENDING WHAT

Last year, McDonald's spent twice as much on advertising as did the rest of the top 20 companies combined. Most companies peg their advertising budget to a percentage of sales, so exact figures for this year are not available. Spot television proved the most popular medium, followed by radio, newspapers, direct mail, outdoor and national television.

	Ad budgets in millions	
Company	**1986**	**1987**
McDonald's	789.0	—
Pillsbury	230.0	—
Wendy's	140.0	—
Imasco USA	105.0	130.0
Dunkin Donuts	25.0	26.0
USACafes	16.5	22.0
Carl Karcher Ent.	13.0	13.9
Rax Restaurants	13.0	—
Whataburger	9.0	10.8
Krystal	7.5	—
Po Folks/Davco	6.0	—
IHOP	6.0	7.0
Round Table Pizza	6.0	—
Winners Corp.	6.0	6.2
National Pizza Co.	5.7	7.1
Bob Evans Farms	5.5	7.0
Arby's	5.0	—
Druthers Intl.	4.9	5.0
Franchise Ent.	4.2	6.0
Po Folks/Po Folks	4.0	—
Pantera Corp.	4.0	—

■ ADVERTISING

Latest Batch of Ads Leaves Nothing Uncovered

The burger wars continue as more companies vie for fewer customers.

Customers, not competitors, have become the new target in the foodservice advertising wars. While some companies still level shots at each other, most are courting the public with persuasive, image-heavy ads.

McDonald's, the No. 1 "400" company, spent $789 million, or 6.3% of sales on advertising and promotion last year. The company spent $12 million of that on a series of magazine ads designed to address consumers' growing preoccupation with food and nutrition.

The ads present burgers, fries and shakes McDonald's-style as high-quality and nutritious food. One of the ads, titled "What we're all about," shows a package of ground hamburger and a whole potato balancing atop a bottle of milk. A few paragraphs of copy explain that those fresh, prime ingredients are the essence of McDonald's' hamburgers, fries and shakes.

Not everyone agrees. Attorneys general in Texas, New York and California have said they believe the ads are misleading.

McDonald's national advertising retained the "It's a Good Time for the Great Taste of McDonald's" theme. The television commercials supporting that theme "communicate warmth and respect for customers," according to McDonald's.

Product rollout advertising, such as "Takin' Breakfast by the Hand," helped roll out the new breakfast biscuit, as well as the Sausage McMuffin with Egg. And the company says its most successful promotion was that for Chicken McNuggets Shanghai, which ran for six months in 1986. Leo Burnett U.S.A. creates all McDonald's advertising.

Burger King, with a budget of $200 million, presented two images to the public. The year started out with "This is a Burger King Town. We know how burgers should be." Both that campaign and the current "The Best Food for Fast Times" were created by J. Walter Thompson/New York. Burger King announced in May that the agency is up for review.

How we're getting a handle on cholesterol.

2% LOWFAT MILK
Balance.

Wendy's spent $140 million, or about 5.1% of sales, reacquainting its customers with the hamburger. "This is the Good Stuff" marked the introduction of the Big Classic, a quarter-pound hamburger on a kaiser roll, delivered in a package that imitates the shape of the roll.

In another back-to-basics move, the company rehired Dick Rich Inc., creator of the Hot 'n Juicy campaign of the early 1980s to replace DFS Dorland Worldwide. The new agency devised "Take A Little Nibble," which depicts passersby grabbing bits of a huge hamburger.

Some companies still fight by the method popular in the earlier part of this decade. Hardee's, in an all-out effort to overtake Wendy's as the No. 3 burger chain, continued waging the burger war with its "We're Out to Win You Over" campaign. Without naming names, the ads pointed to the competition's raw product and cooking methods and compared them to the Hardee's way.

Rax Restaurants, the 500-unit chain based in Columbus, Ohio, also chose Wendy's as its target. A series of ads tagged neighbor Wendy's as a "copycat" chain, charging that Wendy's followed Rax with baked potatoes, salad bar and specialty burger rollouts. Another Rax campaign, "Fast Food With Style," simply assured customers that the chain indeed falls in the fast-food league.

ARCO's chain of convenience stores, am/pm, advertises its hamburgers with billboards that say, "Too Bad, McDonald's. Sorry, Burger King. Tough Luck, Wendy's." The chain rolled out its precooked burger program early in 1986.

El Pollo Asado, the 42-unit chain specializing in charbroiled chicken, indirectly went after Kentucky Fried Chicken. A series of TV commercials showed a counter person asking "Y'all want greasy or extra-greasy?" and handing out red-and-white striped buckets of chicken.

The ads managed to attract the attention of Kentucky Fried Chicken attorneys, who claimed the patterned buckets are a registered trademark. El Pollo Asado attorneys disagreed, but substituted a plain white bucket.

The institutional side of foodservice is advertising to potential customers accustomed to a certain standard of living. Michael Reese Hospital, Chicago, opened its 11-room Centennial Suite last July.

Ads in regional magazines show a cooked lamb chop and call it "The Latest Treatment at Michael Reese." A new version of the ad, featuring fish, was due out in spring. The campaign, part of an extended promotion of the Centennial Suite, will end in September.

—Lisa Bertagnoli

McDonald's has spent $12 million so far on magazine ads detailing the nutritional value of burgers and fries.

For real.
IT'S A GOOD TIME FOR THE GREAT TASTE.

Eat your calcium.
IT'S A GOOD TIME FOR THE GREAT TASTE.

PLACING A HEALTHY CAMPAIGN

McDonald's has run print ads before, but not on the scale of the campaign that advertises the nutritional benefits the chain's food offers. The campaign is costing about $12 million annually. Full-page ads run in the following magazines:

Better Homes and Gardens . . . Good Housekeeping . . . Ladies' Home Journal . . . McCall's . . . Woman's Day . . . Ebony . . . Los Angeles Times . . . Newsweek . . . The New York Times Magazine . . . Parade . . . People . . . Reader's Digest . . . Sunday-Chicago Tribune Magazine . . . Sunday Examiner & Chronicle . . . Time . . . TV Guide . . . American Health . . . Health . . . Prevention . . . Forecast for Home Economics . . . Journal of the American Dietetic Association . . . New England Journal of Medicine

400: FRANCHISING

■ **FRANCHISING**

Edging Ahead in the Numbers Game

Many companies remain convinced that franchising is the best way to grow, both at home and abroad.

Most analysts agree that the rush to franchise will slow little during the next few years. Restaurant franchise sales totaled $51 billion in 1986, up 8% compared to the previous year, and another 13% increase is expected for 1987 (U.S. Department of Commerce figures). A study conducted by the Naisbitt Group for the International Franchise Association predicts that franchising will account for fully half of all retail sales by the year 2000.

Restaurant franchisors continue to cash in on the trend. The granddaddy of them all, McDonald's, now has more than 9,400 outlets, of which about 7,100 are franchises; more than 2,000 of those are overseas.

Kentucky Fried Chicken, Pizza Hut and Taco Bell all depend heavily on franchising for expansion—in fact, franchises of PepsiCo's big three add up to 8,724, well over half of the total 14,664.

None of those chains can challenge McDonald's numbers by itself, however. The closest competitor is KFC, which now approaches 6,600 units. Pizza Hut comes next at approximately 5,650 stores, while Taco Bell checks in with about 2,450 units.

An overwhelming majority of Burger King stores are franchises—3,905, compared to only 838 that are company owned. For every company-owned Hardee's, two are franchises. Wendy's, another burger giant, bucks the franchising trend; only a small fraction of its 3,727 stores are held by franchisees.

Franchising has helped Domino's hold its lead in the home-delivery race —all but 995 of the company's 3,606 stores are franchised.

The franchising of Subway Sandwiches has been a means to explosive growth for Doctors Associates, a relatively new company. Doctors charted a 56% growth rate for 1986, winding up with 987 units and a promise to at least double in size this year.

Franchisors have a seemingly bottomless need for hourly personnel: In 1985, they employed 6.3 million work-

continued on page 52

The taste for Italian food remains strong, helping Pizza Hut's franchisees find profitable ways to cut the pie.

400: FRANCHISING

International expansion and dual concepts are two ways to pull ahead of other franchisors.

ers, including part-time personnel, and that figure will probably surpass 7 million by the end of 1987. The recruiting task becomes ever more difficult as the demographic facts of life eat into the traditionally youthful work force.

As a result, operators have launched campaigns to tap other parts of the population; carefully defined jobs and flexible schedules are used to entice senior citizens, handicapped people and homemakers into the work force. In areas where competition for labor is intense, franchisors are paying double or even triple the minimum wage.

As market saturation begins to threaten the success of their new domestic units, many companies are looking abroad for growing room. McDonald's leads the foreign invasion, reporting 2,138 outlets overseas; all but 678 of these are held by franchisees. Seeking new markets, the company has erected Golden Arches in countries as remote as Turkey and Argentina.

In a similar quest for foreign dollars, KFC now ranges far beyond the Bluegrass State in selecting new sites. The PepsiCo subsidiary now claims 1,855 foreign outlets; 666 of those are company owned, although the firm sold 50% of its interest in 333 stores in the United Kingdom to Trusthouse Forte, the hotel/catering giant.

Both International Dairy Queen and Baskin-Robbins have introduced their ice cream creations worldwide in significant numbers. Baskin-Robbins reports 769 stores overseas, compared to IDQ's total of 580 units. With 629 and 402 foreign units, respectively, Pizza Hut and Burger King are building a substantial presence in international markets. For the moment, at least, Domino's and Wendy's lag behind in numbers of foreign units.

You can now buy one of Burger King's Whoppers as you stroll the Champs Elysées or taste a Dairy Queen confection in the Far East, Middle East and Caribbean. Although most of Arby's 74 foreign outlets are in Canada, you can also buy one of the company's roast beef sandwiches in Japan, the Philippines, the Virgin Islands and China.

LEADING FRANCHISORS

The healthy profit margins of these companies attest to the value of franchising.

Company	Company-owned units	Franchised units
McDonald's	2,301	7,109
PepsiCo		
Kentucky Fried Chicken	1,912	4,463
Pizza Hut	2,700	2,946
Taco Bell	1,328	1,115
Pillsbury		
Burger King	838	3,905
Wendy's	3,375	352
Domino's	995	2,611
Baskin-Robbins	184	2,358
Arby's	199	2,232
Imasco		
Hardee's	929	1,893
Marriott		
Big Boy	170	729
Roy Rogers	206	551

The latest scoop: Baskin-Robbins has a lively franchising program.

400: FRANCHISING

HOTEL SEGMENT MAKES FRANCHISING NEWS

Adams Mark took the first step towards franchising by moving from wholly owned hotels to management contracts with limited equity. The company thinks its good name and superb infrastructure will be an asset to independents.

Days Inns Corp., one of the fastest growing companies in the mid-priced segment, has added 33 new franchises in '87, bringing the total number to 422 from 389. In a joint endeavor, the company is testing Wendy's food in several motels.

The Princess Acapulco serves Italian as well as Mexican food.

Omni Hotels has announced the offering of franchises to owners, operators and developers of first-class hotels. The incentive will be Omni's good name and strong customer base.

Prime Motor Inns bought the Howard Johnson restaurant group and promptly sold it to a franchisee group.

Of Trusthouse Forte's 440 U.S. properties, 200 are joint ventures, 180 are franchises and the remaining 60 are wholly owned.

Franchisors are coping with the labor problem by offering high wages.

You can find a Long John Silver's Seafood Shoppe in four locations in Singapore. Among the 142 Dunkin' Donuts locations outside the United States, 18 are in Thailand and 15 in Korea. Taco Bell, the largest Mexican fast-food chain, has introduced its south-of-the-border delights to such exotic locales as Guam and Australia.

According to *Hotels & Restaurants International*, more than 60 American chains now count outlets overseas. The number is likely to increase by 50% before 1987 runs its course.

Although Europe remains the staple of franchisors looking for new markets, the Pacific rim countries, such as Australia and Guam, are really hot. Central and South America also hold considerable appeal. And a particularly coveted location is the Soviet Union; for years, McDonald's and Pizza Hut have been negotiating for franchising rights in that country.

Despite the fact that many fast-food chains still are trying to gain a foothold in foreign lands, few have done so successfully. According to *H&RI*, analysts agree that only McDonald's and Kentucky Fried Chicken have posted significant profits as a result of their activities in other countries. Their competitors continue to struggle with obstacles that include cultural differences and a lack of adequate suppliers.

In addition to international expansion, franchisors are looking for other ways to sharpen their edge in a highly competitive market. The combination franchise, which joins two or more concepts under the same roof, is one such solution.

Noting the increasing interest of convenience stores in offering fast food, some companies are striking deals to corner part of that market. For example, Hardee's is running a joint test with two 7-Eleven convenience stores in St. Louis.

Double drive-thru units, home delivery and mobile units are other approaches franchisors are using to beat out their competitors.

In spite of the heavy competition and risks faced by franchisors, others are entering the fray at a record pace. A total of 273 firms started franchising in 1985, an 8% increase over the year before, according to the U.S. Commerce Department.

Wendy's is looking to the Far East for franchising opportunities.

400: CHAINS 50

CHAINS 50

Caesars Is Little No More

Pizza chain shows strong growth; McDonald's still holds No. 1 spot.

The Golden Arches continue to dominate the Chains 50.

Michael Ilitch should consider dropping the "Little" from his company's name. Little Caesars Pizza made the strongest move in the 1987 *R&I* Chains 50, bounding from No. 28 to No. 22.

"1986 was a continuation of a high growth period that Little Caesars has been in since 1982," says Susan Sherbow, the company's public relations manager. She says sales have grown 415% and units 376% during that period. Little Caesars $180 million sales increase, from $340 million to $520 million, represents a percentage increase of 53%. This is easily the leading percentage increase within the group.

But despite its strong move, Little Caesars is still a good distance from McDonald's, the company that dominates the Chains 50 as it does the "400." The Oak Brook, Ill.-based chain increased sales by nearly $1.4 billion to $12.4 billion, a figure that approaches being 2½ times the size of its nearest competitor, Burger King. McDonald's sales increase of 12.7% also is better than the Chains 50 average, which is 11.1%.

And just as McDonald's maintained its top position, most of the top 13 did the same. Only two, Domino's and Taco Bell, changed places. Gross sales growth for this group varied, with Wendy's having the least with 3.1% and Domino's the most with 38.4%.

There was more movement among those with less sales than Little Caesars. Among these movers were five new members of the Chains 50: Carvel, Piccadilly, Whataburger, Ground Round and Bob Evans Farms. These companies forced Shakey's, Po Folks, Village Inns, Luby's and Waffle House from the list.

The new members of the Chains 50 are a diverse lot. Carvel enters the chart at No. 35, although revised '85 sales figures show it should have been ranked at the same position last year. Piccadilly added 11 cafeterias and boosted sales 14.5%. Whataburger sales grew at an even stronger 21.6%. Ground Round showed its turnaround was a yearlong event by increasing sales despite having fewer units. And the last entry of the list, Bob Evans Farms, got there through strong growth, posting a 29.4% increase from its '85 sales.

With new members comes a collection of departing chains. But by no means did all of these companies have bad years. True, Shakey's (No. 45 in '86) and Po Folks (46) left the listing because of a decline in sales and Village Inns (47) only managed a marginal increase. However, Waffle House (49 in '86) was edged out of the listing by $500,000 while Luby's Cafeterias (50) missed by less than $5 million.

—Brad Stratton

Little Caesars Pizza
ENTERPRISES, INC

DOMINO'S, LITTLE CAESARS POST STRONG GROWTH FIGURES

Pizza chains, especially two from Michigan, dominate the statistical performance categories from this year's Chains 50. Domino's is the only chain to appear in all four listings while Little Caesars leads both percentage growth categories. But it was that chain from Illinois, McDonald's, that posted the biggest bottom line sales growth.

Sales growth (in millions)	
McDonald's	$1,399.1
Burger King	500.0
Domino's Pizza	416.0
Kentucky Fried Chicken	400.0
Hardee's	365.0

Percentage of sales growth	
Little Caesars Pizza	52.9%
Domino's Pizza	38.4
Bob Evans Farms	29.4
Round Table Pizza	27.3
Golden Corral	22.8

Unit growth (1/86-1/87)	
Domino's Pizza	715
Dairy Queen	708
Pizza Hut	676
McDonald's	509
Burger King	490

Percentage of unit growth (1/86-1/87)	
Little Caesar's Pizza	45.3%
Domino's Pizza	24.7
Rax	20.5
Popeyes	20.4
Golden Corral	18.6

400: CHAINS 50

Rank	Organization Headquarters	Business	Sales ($ millions) '86	'85	No. of units 1/1/86	1/1/85
1	**McDonald's** Oak Brook, Ill.	Fast food (hamburgers)	12,400	11,000.9	9,410	8,901
2	**Burger King (Pillsbury)** Miami, Fla.	Fast food (hamburgers)	5,000**	4,500[R]	5,024	4,534
3	**Kentucky Fried Chicken (PepsiCo)** Louisville, Ky.	Fast food (chicken)	3,500	3,100	6,575	6,396
4	**Wendy's** Dublin, Ohio	Fast food (hamburgers)	2,747	2,664	3,727	3,442
5	**Pizza Hut (PepsiCo)** Wichita, Kan.	Full service (pizza)	2,503.4*	2,228*	5,646	4,970
6	**Hardee's (Imasco USA)** Rocky Mount, N.C.	Fast food (hamburgers)	2,255*	1,890*	2,807	2,562
7	**Dairy Queen** Minneapolis, Minn.	Fast food (varied)	1,723	1,572	5,513	4,805
8	**Domino's Pizza** Ann Arbor, Mich.	Fast food (pizza)	1,500	1,084	3,606	2,891
9	**Taco Bell (PepsiCo)** Irvine, Calif.	Fast food (Mexican)	1,320*	1,120*	2,443	2,203
10	**Denny's** La Mirada, Calif.	Full service (coffee shops)	1,134.2	1,043.2	1,176	1,121
11	**Big Boy (Marriott)** Washington, D.C.	Full service (coffee shops)	1,002.1*	946*	911	810
12	**Red Lobster (General Mills)** Orlando, Fla.	Full service (dinner houses)	897.6*	869.4*	430	386
13	**Arby's** Atlanta, Ga.	Fast food (roast beef)	892.8	811	1,760	1,550
14	**Ponderosa** Dayton, Ohio	Full service (steakhouses)	725	639.1*	679	637
15	**Long John Silver's (Jerrico)** Lexington, Ky.	Fast food (seafood)	720.4	667	1,405	1,369
16	**Dunkin' Donuts** Randolph, Mass.	Fast food (doughnuts)	648	576.7	1,539	1,447
17	**Shoney's** Nashville, Tenn.	Full service (coffee shops)	644.5	570	542	497
18	**Jack in the Box (Foodmaker)** San Diego, Calif.	Fast food (varied)	639.5*	597*	850	800
19	**Sizzler (Collins Foods)** Los Angeles, Calif.	Full service (steakhouses)	605.1	500	544	475
20	**Church's Fried Chicken** San Antonio, Texas	Fast food (chicken)	577.7	639.9	1,532	1,549
21	**Baskin-Robbins** Glendale, Calif.	Fast food (ice cream)	572.1	484.1	3,311	3,217
22	**Little Caesars Pizza** Farmington Hills, Mich.	Fast food (pizza)	520	340	1,308	900
23	**Friendly** Wilbraham, Mass.	Full service (coffee shops)	519.8*	471.4	801*	750
24	**Bonanza (USACafes)** Dallas, Texas	Full service (steakhouses)	480	421	571	552
25	**Western Sizzlin'** Atlanta, Ga.	Full service (steakhouses)	454	436	642	574

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est.; (R) revised

400: CHAINS 50

Rank	Organization Headquarters	Business	Sales ($ millions) '86	Sales ($ millions) '85	No. of units 1/1/86	No. of units 1/1/85
26	**Roy Rogers (Marriott)** Washington, D.C.	Fast food (roast beef)	450.1*	437*R	552	543
27	**Bennigan's (Pillsbury)** Dallas, Texas	Full service (dinner houses)	446.2*	402.8*	204	190
28	**Popeyes (A. Copeland Ent.)** New Orleans, La.	Fast food (chicken)	400	353	650	540
29	**TGI Friday's (Carlson Cos.)** Dallas, Texas	Full service (dinner houses)	348.5	317.5*	125	121
30	**Carl's Jr. (Carl Karcher Ent.)** Anaheim, Calif.	Fast food (varied)	344.9**	308.2	433	453
31	**Golden Corral (Investors Mgmt.)** Raleigh, N.C.	Full service (steakhouses)	332.3	270.6	490	413
32	**Rax** Columbus, Ohio	Fast food (roast beef)	328.9	276.6	512	425
33	**Captain D's (Shoney's)** Nashville, Tenn.	Fast food (seafood)	315.9	288	537	502
34	**Chi-Chi's** Louisville, Ky.	Full service (dinner houses)	315	323	199	200
35	**Carvel** Yonkers, N.Y.	Fast food (ice cream)	291.5*	283.8*R	870*	860*R
36	**Morrison's** Mobile, Ala.	Cafeterias	291	280	153	149
37	**Sonic Drive-In** Oklahoma City, Okla.	Fast food (hamburgers)	291	292	958	931
38	**Perkins (Holiday)** Memphis, Tenn.	Full service (coffee shops)	279.5*	274	321*	319
39	**Steak & Ale (Pillsbury)** Dallas, Texas	Full service (dinner houses)	279.4*	276.9	188	184
40	**Pizza Inn** Dallas, Texas	Full service (pizza)	265.2*	253.6*	707	755
41	**White Castle** Columbus, Ohio	Fast food (hamburgers)	268.5	239.9	222	202
42	**Stuart Anderson's (Marriott)** Menlo Park, Calif.	Full service (dinner houses)	265*	261	120*	117
43	**International House of Pancakes** North Hollywood, Calif.	Full service (coffee shops)	264.1	240	450	454
44	**Furr's (K mart)** Lubbock, Texas	Cafeterias	263*	254*	133*	130
45	**Godfather's Pizza (Pillsbury)** Omaha, Neb.	Full service (pizza)	260	310.7*	615	719
46	**Round Table Pizza** San Francisco, Calif.	Full service (pizza)	250	196.4	500	460
47	**Piccadilly** Baton Rouge, La.	Cafeterias	225	196.5	111	100
48	**Whataburger** Corpus Christi, Texas	Fast food (hamburger)	225	185	365	347
49	**Ground Round** North Quincy, Mass.	Full service (dinner houses)	225**	188.7*	194	204
50	**Bob Evans Farms** Columbus, Ohio	Full service (coffee shops)	220	170	175	150

*R&I estimate, **company est.; †commercial equivalent; (A) former data included non-foodservice sales; (B) adjusted method in reporting figures; (C) franchisees' sales est.; (R) revised

400: PROFILES

■ HIGHLIGHTS

Focus on the '400'

From hamburgers to health care, *R&I* profiles those among 1986's top performing organizations.

The *Restaurants & Institutions* "400" long has been a collection of the nation's premier foodservice organizations. This year, we focus on many of the top companies within the listing.

The profiles begin with longtime "400" leader McDonald's and end with No. 400 Pepe's, a Mexican restaurant chain based in Chicago. In between are other companies and institutions that contributed to the growth of the foodservice industry during 1986.

Each profile begins with the name of the organization, followed by its "400" ranking and its 1986 food and beverage sales. A more detailed financial analysis of each "400" member is contained elsewhere in this issue.

Stability Contributes to Record Annual Sales

(1) McDonald's Corp.
$12.4 billion

Stability, both internally and in the image presented to consumers, may be McDonald's secret to success. On March 1, Michael Quinlan succeeded Fred Turner as chief executive officer, becoming only the third person to hold this post since the company's founding. While other burger chains switched ad campaigns mid-year, "It's a Good Time For the Great Taste of McDonald's" remained the company's national campaign.

The $1.4 billion increase in sales over last year sets a record for the 9,410-unit chain. The company's 60 billionth burger was sold in November. Average unit volumes for stores open at least one year were $1.369 million, and 79% of the restaurants systemwide posted sales of $1 million or more.

Michael Quinlan recently became the third man in McDonald's history to hold the position of CEO.

On June 31, James Cantalupo, senior vice president and northeast zone manager, became president of McDonald's International, a post that had been vacant for more than a year. Sales outside the United States were $3 billion in 1986; the company's highest-volume unit, located in Rome, rang up sales of nearly $5 million. The first McDonald's in Hungary and Yugoslavia are being built, and negotiations for restaurants in the Soviet Union are underway.

Besides making money and opening units, McDonald's broke into a new territory of sorts with print ads that tout the nutritional qualities of the fastfeeder's fare. The ads, designed by Leo Burnett, are running in 22 consumer and professional publications.

October 3, 1986, was designated Founder's Day in honor of Ray Kroc's birthday. On that day, corporate employees, Turner and Quinlan included, worked in McDonald's units.

Acquisition Boosts PepsiCo to No. 2

(2) PepsiCo Foodservice Div.
$7.336 billion

PepsiCo stood in the limelight this year with its dramatic acquisition of the Kentucky Fried Chicken chain in October 1986, for $840 million. It now has the largest number of restaurants in the world, about 14,000, and is the leader in three of the four largest chain restaurant categories: pizza (Pizza Hut), chicken (Kentucky Fried Chicken) and Mexican food (Taco Bell).

PepsiCo's policy of granting autonomy to its divisions has been very successful. Energy has been focused on allowing divisions to develop more drive-thru units, purchase additional real estate and test new product and services such as home delivery. A major remodeling and upgrading of Kentucky

TACO
BELL
TACO BELL
DRIVE THRU

PepsiCo's Taco Bell is the country's largest Mexican chain.

Marriott expanded its foodservice operations by buying Saga.

Fried Chicken units was begun in 1986 and continues in 1987, with many drive-thru units being added. Pizza Hut stores have computerized delivery.

PepsiCo's other major interest is international expansion. The company plans to accomplish this by concentrating on high-potential markets and by expanding operations through strong franchisees and joint partner ventures. PepsiCo has committed substantial resources to five major markets: Canada, Japan, the United Kingdom, Australia and Germany.

Future plans include developing new units and new menu items. The sale of the La Petite Boulangerie division to Mrs. Fields is in negotiation stages.

Management Changes Mark Pillsbury's Year

(3) The Pillsbury Co. Restaurant Group $5.500 billion

Management is producing the big news at Pillsbury: Former Burger King Chairman J. Jeffrey Campbell moved from Miami, Fla. to Minneapolis to take charge of the restaurant group, and was replaced at Burger King by Charles Olcott. Burger King added 546 units in 1986 for a grand total of 4,743 systemwide, and plans to open about 1.5 stores per day this year. The company will continue to increase expansion in Europe and Asia, build more drive-thru-only and mobile units, and add stores in institutions and on campuses.

Down in Dallas, S&A saw some shuffling, too. Don Slater was named president in April, and given responsibility for Bennigan's and Steak and Ale, and Kyle Craig was named chairman of the board, and took responsibility for Bay Street and Key West Grill. S&A also announced that 22 of its properties, including Steak and Ales, JJ. Muggs and undeveloped sites, are up for sale. Bennigan's redesigned its menu, replacing the cartoons with color food photography and trimming the size to 14 pages. S&A continues to expand Bay Street and Key West Grill.

The new management at Godfather's has started to fulfill Pillsbury's desire to turn that concept around. After closing 202 units, the company launched a delivery system; increased same-store sales to 10%, compared to -13% the year before; opened its first mall unit; and added by-the-slice pizza.

J. Jeffrey Campbell has moved from Burger King chairman to Pillsbury Restaurant Group chairman.

Marriott Shows Bigger Can Be Better

(4) Marriott Corp. $5.051 billion*

What happens when one multibillion-dollar business buys another billion-dollar business? Marriott Corp., at No. 4 the highest-ranking diverse corporation in this year's "400," answered this question and many others when it completed its acquisition of Saga Corp. last summer. The questions raised when Marriott bought Denny's last month, however, remain unanswered.

The $700 million Saga purchase pushed Marriott's food and beverage sales figures well over $4 billion and added more than 1,000 units to the company's foodservice-management division. Operations and support staffs were combined and reorganized while Saga's restaurant group and administrative facilities were quickly sold.

Saga and Denny's are the latest in a string of Marriott acquisitions. In 1982, the company enhanced its operations with the purchase of Host International. Service Systems and Gladieux, two contract-management companies, were acquired in 1985; Howard Johnson Co. was purchased later that same year.

The Saga acquisition helped Marriott's foodservice-management business become the largest division of the company's contract-foodservice group. Airline catering, serving more than 150 airlines through 94 sites, and Host International airport facilities, make up the remainder of that group, which accounted for 43% of total sales.

Making up 42% of sales, the company's lodging operations include Marriott Hotels and Resorts, Courtyard by Marriott and time-sharing condominiums. A series of new ventures include all-suite, "compact" and economy hotels.

Marriott's restaurant group, representing 15% of total sales, consists of Big Boy and Roy Rogers, as well as Hot Shoppes.

400: PROFILES

Wendy's Chairman Robert Barney is hoping new products released in '86 will help turn the company around.

Wendy's Launches Plans to Revive Sales

(6) Wendy's International Inc.
$2.747 billion

For reasons ranging from the general health of the industry to a failed breakfast program, 1986 was not a good year for Wendy's. Sales dropped, average unit volumes dropped, and rumors of a sale circulated several times. The company devised a plan to reverse the damage, and says that plan was launched with last year's introduction of the Big Classic hamburger and Crispy Chicken Nuggets.

Behind-the-scene strategies have been launched as well. James Near, who joined the chain in 1974 as a franchisee, replaced Ronald Fay as president and chief operating officer. In February, Wendy's sold its Sisters Chicken and Biscuits subsidiary to the concept's largest franchisee, SisCorp, for $14.5 million in cash and notes. The company has implemented a realignment plan that calls for the franchising of 120 company-owned units and closing of 26 units throughout the system. The realignment should, according to management, improve returns on assets and equity.

This year, 260 new units are scheduled to open; at least 75 will be company owned. International fronts include West Germany, Spain and Canada. Dick Rich Inc., creator of the "Hot 'n Juicy" ad campaign, was rehired to put advertising back on track. Wendy's franchisees must spend 2% of sales on advertising.

Wendy's also is spending a lot of energy bringing the corporate and store levels together. The company has eliminated some of the links in the chain of command, giving more authority to store managers.

ARA Services Bounces Back after Buyout

(7) ARA Services Inc.
$2.632 billion†*

Two years after going private through a management-led leveraged buyout, Philadelphia-based ARA Services is back on track. More than $200 million of the $1.2 billion LBO debt has been paid back, and company sales have reached an all-time high of $3.75 billion.

ARA officials credit new business and better management of existing assets for the company's strong showing. The sale of less-profitable holdings also has helped performance. And although ARA lost out to Marriott on its bid to buy Saga, other acquisitions such as Szabo Food Service Co., SERVISCO industrial laundering and Teaching Centers day care have helped the company strengthen its ranks.

ARA is best known for its foodservice operations—after the Szabo acquisition, food and beverage volume topped $2 billion. However, the company also operates a number of other divisions offering a diverse selection of services.

The company's Healthcare Services Division provides a wide range of medical services, including pharmaceutical management and contract emergency care. Correctional Medical Systems provides health care for inmates; Living Centers provide long-term care for the elderly and handicapped.

ARA's Daybridge Learning Centers specialize in early education and day care for children up to age 12, while Magazine and Book Services distributes reading materials to a variety of outlets, including the U.S. Navy. Other divisions include ARATEX (uniform and textile rental), transportation and airport services.

ARA's John Farquharson has watched the company strengthen itself through further acquisitions.

The New No. 3?; Grisanti Set to Expand

(9) Imasco U.S.A. Inc.
$2.268 billion*

Imasco, which comprises Hardee's Food Systems Inc., Hardee's Equipment Department, Fast Food Merchandisers, Grisanti's and Burger Chef, has not had a down quarter since 1979, according to Jack Laughery, chairman, president and chief executive officer.

The 2,722-unit Hardee's repositioned with two new ad campaigns, "A Little Closer to Home" and "We're Out to Win You Over," and announced that it was the No. 3 hamburger chain because Hardee's has surpassed Wendy's in customer counts and average unit volumes. Average unit volumes now stand at $840,000, an increase from last year's $802,000. Checks average $2.50. Hardee's engineers developed a new top-sided grill to better cook hamburgers, sausage and bacon.

**R&I* estimate **company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

Hardee's breakfast is part of the improving picture at Imasco.

Some of the 290 new units to be opened in fiscal '88 will sport atriums, enhanced landscaping and redesigned interiors. The company plans to sink $160 million into capital expansion this year, and says a public offering is a possibility. Its advertising budget for 1987 is $130 million, or 6.5% of projected sales, unchanged from last year.

Louisville restaurateur Michael Grisanti, who merged Grisanti Inc. with Imasco in 1984, is expanding his chain of Mamma Grisanti's Italian restaurants.

Sweet Combo: Popcorn, Ice Cream, Chicken

(10) International Dairy Queen
$1.723 billion

IDQ has divided its operations into three subsidiaries: American Dairy Queen Corp., which franchises almost 5,000 Dairy Queen units in the United States and foreign countries; Golden Skillet International with 113 fried chicken outlets; and Karmelkorn Shoppes, a chain of 234 stores selling popcorn, candy and other treats.

This year the company introduced its Dairy Queen Treat Center concept which combines DQ frozen desserts with Karmelkorn products and is aimed at shopping malls. The first of these recently opened in Monroe, La., and 18 to 20 more are planned by year's end. Existing Karmelkorn franchisees also will be given the option of converting their stores to this concept if that doesn't bring them in to direct competition with an existing DQ.

Dairy Queen also hopes to establish a greater presence in major metropolitan areas by selling area franchise rights to major investors who will then open multiple units. Several such franchises have been sold but it will probably be several years before the results are seen. Units serving fast food will have a quarter-pound hot dog added to the menu this year.

Golden Skillet has not been performing at the level the company would like, but planning is underway to expand the menu line so that franchisees do not have to rely totally on chicken. Items being considered include chicken-fried steak, ribs and even pizza.

Top Lodging Company Still on the Move

(11) Holiday Corp.
$1.638 billion*

Only one hotel company can boast not only that 96% of all U.S. travelers have stayed in one of its rooms at least once, but that 68% do so annually. That fortunate company is Holiday Corp., which will open its 2,000th hotel in 1987.

Revenues for '86 were $1.64 billion, down 8.7% compared to the previous year, but the company attributes the drop to a reduction in company-owned hotels. Financial actions and expansion plans suggest that Holiday has no intention of relinquishing its No. 1 position.

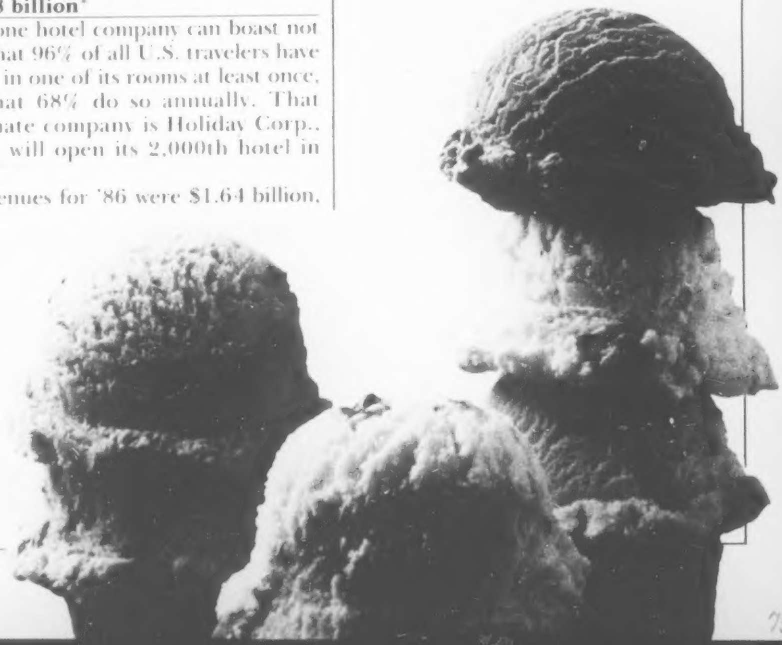
In a recapitalization plan completed last year, Holiday took on $1.6 billion in debt. "We want to get our money out of buildings and back into the hands of stockholders. This also ties in with our basic change from an assets-based company to one characterized by an emphasis on operations and service," explains spokesman John Onoda. The recently completed sale of Residence Inns also has put money in Holiday's pocket.

Building on its strength in the California market, Holiday plans to add a total of 41 hotels in that state. The demographics support this strategy.

Overseas, Holiday will introduce a limited-service, 100-room brand with fewer rooms and smaller restaurants than the usual Holiday Inn.

Holiday says it originated computerized reservations, and now the company claims to be first with an "affinity group credit card." In a joint effort between a bank and Holiday Inns' frequent guest program, customers accumulate points toward awards every time they use their VISA credit card.

Ice cream is available at nearly 5,000 Dairy Queen units worldwide.



400: PROFILES

The Domino Principle: Back to Basics in '87

(12) Domino's Pizza Inc.
$1.5 billion

To anyone reading the figures, '86 looks like another great year for Domino's. Systemwide food and beverage sales increased 33% over '85 and total corporate revenue increased 34% to $721.6 million. Net income was the only area to show a loss, but the $150 million construction of the Domino's Farms corporate headquarters, rising costs of delivery fleet insurance and the costs of new store openings are all cited as causes.

So why isn't Thomas S. Monaghan as happy about '86 as one would expect? "Over the years we've become accustomed to setting records and going beyond the expected," says Monaghan. "Great years have never been good enough for us, as we're always striving to reach new levels of superiority."

To reach those levels of superiority, the company is looking back for its future. The focus for '87 is a return to the basics that generated 25 years of solid, profitable growth.

And operations are expanding. Domino's International alone, operating in the United Kingdom, Japan, Australia, West Germany, Canada and Hong Kong, reported a 100% increase in units. In the United States, 751 units opened in '86. Understandably, national consumer awareness reached 98.3%.

Grace Foodservice Reborn as REGI

(15) W.R. Grace Restaurant Group
$1.243 billion*

While some W.R. Grace restaurant operations still exist, a majority of the group has gone west under the name of Restaurant Enterprises Group. It is the result of a $536.7 million leveraged buyout by W.R. Grace executives. The deal was engineered by Grace Restaurant Group Chairman and CEO Anwar Soliman, who later defected to form his own company. He was replaced by fellow Grace executive Norman N. Habermann, who chaperoned the LBO until its completion. He is now CEO of the fledgling giant that accounted for about $1.1 billion of Grace's '86 sales.

Habermann's first priority: get the company back on a normal day-to-day operating schedule, and establish corporate policies and standard operating procedures in order to work toward the long-term goal of stabilizing the debt. Expansion will be curbed for the next few years, and development will be slow.

The new corporate structure is divided into five divisions: El Torito's specialty and Mexican restaurants, Gilbert/Robinson's casual dining concepts (Darryl's, Houlihan's), upscale dinner houses (among them Charley Brown's), family dining group (Coco's, Carrow's) and restaurant services.

A record number of Domino's boxes were filled in '86 as sales rose 33%.

Shoney's added 119 restaurants.

Shoney's Sales Show '86 Was a Good Year

(16) Shoney's Inc.
$1.198 billion

Fiscal '86 closed on an upward sales trend for this diversified foodservice chain. J. Mitchell Boyd was named vice chairman and chief executive officer and his company, Shocap Inc., became part of the Shoney's family. A record 119 new restaurants were opened in addition to 9 Shoney's Inns. Company revenues increased 15% over '85.

The Shoney's division, which accounts for 48% of revenues, simplified operations, reduced turnover of management and hourly employees and rebounded from a sluggish sales period. Sales increased 12% and the division plans to add 80 units in '87.

Captain D's and Lee's Famous Recipe Chicken restaurants report 18% and 33% sales increases, respectively. Both divisions attribute success to increased customer recognition. The 47 new Captain D's and those units due for remodeling will incorporate softer colors, more windows and seating for 90 customers. Management plans to establish at least one training store and team in every region. The farmhouse look is attracting customers to Lee's Famous Recipe Chicken. Conversion of existing units should reach 63% in '87. The division plans to add 27 units and drive-thru service is a possibility. The Specialty Group had an 18% sales increase.

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*R&I estimate **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

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James Collins (l.) in 1986 turned over the post of Collins Foods CEO to Richard Bermingham, but retained the position of chairman.

Naugles Turns a Profit, Sizzler Still Hot

(17) Collins Foods Intl.
$1,057.4 billion

Although Sizzler is still Collins' largest interest with 544 total units—five operating outside the United States—Naugles is the company's biggest success story.

Collins acquired 50.1% interest in the ailing Naugles, a Mexican fast-food chain, late in '85, and picked up the remaining interest in '86. By Jan. 31, 1987, the company's concentrated efforts to turn that chain around became profitable: Systemwide food and beverage sales were $112.4 million. Naugles now includes 171 company-owned units and five franchises. Before expanding units, Collins says it will continue to work on enhancing operational effectiveness through marketing and training programs. In addition, Collins will begin remodeling units this year.

As for Sizzler, Collins built 25 units in 1986 and plans to add 15 new units this year. The company's Kentucky Fried Chicken units now total 250.

The attention Collins gave to Naugles meant less time for smaller interests such as Gino's East, Josephina's and Ed Debevic's. According to Collins Vice President of Finance Chris Thomas, most of those assets have gone into a joint venture arrangement.

Support Services Key to Expansion Plan

(18) General Mills Restaurants
$1.05 billion

The Olive Garden concept will be the main recipient of the parent company's newly consolidated support staff, enabling more rapid expansion.

The Olive Garden is expected to meet growth projections of 50 units by the end of 1987 and 40 new units each year through 1989 and beyond. Immediate plans call for nationwide expansion, with concentration on the Sunbelt states. Ronald M. Magruder has taken over as president of the concept.

Red Lobster is expected to expand by 25 units in '87. William Hattaway, former head of Red Lobster, has been named president of international operations and will be responsible for expansion into Japan, Canada and Europe. Jeff O'Hara remains as president of Red Lobster USA.

Red Lobster customer counts increased 3% and sales jumped 6% in '86. For '87, a new advertising campaign under a new agency will continue to emphasize variety and quality at a reasonable price. Also, a remodeling phase has been completed and attention has turned to improved service training by use of video training tapes.

The emerging Leeann Chin's Oriental concept continues to test a number of ideas under the guidance of General Mills President Joe R. Lee.

York's, also reporting to Lee, plans to repeat its popular "Truckload of Fresh" campaign.

Casa Gallardo, Darryl's and Good Earth concepts were sold off in 1986.

Hotel Chain Is Heavy Hitter in Renovations

(20) Hilton Hotels Corp.
$930.6 million*

Although earnings remained stable, Hilton slipped from third to fifth place in national ranking, based on number of rooms, behind companies such as Sheraton and Quality that are expanding more rapidly.

Hilton continued to show an impressive commitment to taking a hard look at existing properties and making multi-million dollar renovations.

Scheduled projects include a new spa and more meeting space at the Fontainebleau Hilton and Resort in Miami, Fla.; a 386-room Tower II addition in San Francisco; a remodeling job on the Hilton Hawaiian Village to include new restaurants and an entertainment complex; and room renovations at the Washington Hilton and Towers.

Beyond the purpose of self-improvement, the far-reaching renovations enabled the company (at least until this year) one last crack at tax credits no longer available under the new laws.

Hilton's Honors Program, billed as "the guest reward program that honors the achiever in all of us," should help keep Hilton on the fast track when it debuts in '87.

General Mills has nationwide plans for its Olive Garden concept.

R&I estimate company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

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Arby's 1,850th Unit Projected for 1987

(21) Arby's Inc.
$892.8 million

Confronted by unprecedented advertising expenditures by competitors waging the 1986 burger war, Arby's dug into its marketing niche by entreating consumers to "Taste the Arby's Difference," a campaign aimed to position Arby's roast beef as a nutritional taste-alternative to hamburgers.

Despite fierce competition, Atlanta-based Arby's Inc. anticipates surpassing two statistical mileposts in 1987: they project systemwide sales to reach $1 billion. And, Arby's anticipates opening its 1,850th restaurant. The company recorded $886 million in systemwide sales in 1986 and opened nine company-owned units and 178 franchises.

Arby's gleaned national exposure from its sponsorship of Major League Baseball and enlisted baseball legend Hank Aaron as spokesman for its RBI award program, a project that brought in $240,000 for Big Brothers and Big Sisters charities and served as a springboard for individual store promotions.

Arby's underscored its commitment to enter the international arena by opening an office in Toronto to support its present 54-unit Canadian venture. Arby's projects a 90-unit expansion into Canada by the end of 1987.

Series 2000, a restaurant model featuring floor-to-ceiling windows and a red, beige and green color scheme made its debut in 1986. Design elements include a smaller land requirement, a standardized kitchen adaptable for various size restaurants and allowances for future building additions.

Arby's®

BIG GULP
BIG GULP
BIG GULP
Chunky beef
Chunky Style
BURRI

A signature line of foods has been developed by Southland's 7-Eleven.

Southland Corp. Goes for The Works

(22) Southland Corp.
$875.9 million*

Southland has been busy, of late, carving a niche for itself in the fast-food business. Although Southland and Rocky Rococo wasn't a match made in heaven, Southland has many other suitors. These resulted in joint ventures with Church's Fried Chicken and Hardee's. A Hardee's drive-thru unit is located at a St. Louis 7-Eleven unit.

Southland is also going solo in some of it units with The Works. This is a fast-food theme restaurant within the convenience store. The menu consists of freshly cooked items such as hamburgers, 7-Eleven's own all-beef hot dogs, Philly cheesesteak, french fries and a wide variety of pastries, cookies and breakfast sandwiches.

This menu selection, offering an organized menu preparation, will stimulate sales both from the current customer base and non-users, and most importantly, will allow for takeout.

Southland initially wants to concentrate The Works in only those stores that have the location and potential to attract a foodservice customer base that will enable them to become flagship stores.

At the same time, the company wants to maintain existing favorable foodservice programs, such as self-serve fresh condiment bars with 16 different toppings.

Good News Gets Better for Pizza Chain

(39) Little Caesars Pizza
$520 million

For Little Caesars Pizza, 1986 was a year that just kept getting better. Early in the year, a company forecast projected annual sales would reach $475 million, which later was revised to $500 million. When the year was over, it was learned sales had hit $520 million. This from a company that five years earlier had reported sales of $85.1 million.

Other noteworthy landmarks were reached in '86. Store No. 1,000 opened March 19, 1986. By year-end 1,308 units were preparing Pizza Pizza, the company's value-packed two-for-one deal, in 48 states. Ground was broken for the company's new headquarters.

Is there no stopping this steamroller from Farmington Hills, Mich.?

Not according to Susan Sherbow, public relations manager. She says Little Caesars sales in '87 will reach $770 million. The unit count will increase by another 550. And Little Caesars will complete its conquest of the 50 states by opening outlets in Alaska and New Hampshire, the only two states without Little Caesars as the year began.

Sherbow also says Little Caesars will concentrate on filling in existing markets. One such market that reflects the company's overall growth is Los Angeles. Just 2½ years ago, there were zero Little Caesars in Los Angeles. By the end of 1987, the company will close in on 100.

Chairman Michael Ilitch will see his Little Caesars in 50 states by year-end.

*R&I estimate **company est. ‡commercial equivalent (A) former data included non foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

Analysts say Long John Silver's will continue to lead the seafood segment.

Jerrico's '87 Outlook 'Sounds Good To Me'

(26) Jerrico Inc.
$763.9 million

Stock analysts say the dominant company in the fast-food fish segment, Long John Silver's, should continue to grow at 12% to 15% over the next few years through new product introduction, remodeling and unit expansion.

Fiscal 1986 was a gratifying year for Jerrico because LJS broke new records with average unit profits improving 17%, average unit sales increasing 7% and real sales growth up 3.7%.

Jerrico's anchor concept is expected to expand by 50 to 55 company operations and 20 to 25 franchised units in 1987. Close to $80 million has been earmarked for enhancements in existing units.

Jerrico is also pleased with the early performance of its first full-service concept, Florenz, a new northern Italian restaurant. Four units were operating by May '87.

Jerry's Restaurant division is in the midst of trying to restore profits by emphasizing improved operating standards, menu presentation and facilities.

Promotions Fill Morrison Schedule

(33) Morrison Inc.
$652.2 million

Leadership changes, unit remodeling, acquisition and expansion filled the 1986 schedule of Florida-based Morrison Inc., whose holdings include Morrison's Cafeterias, Morrison's Management Services—a contract feeding service—and restaurant chains Ruby Tuesdays, L&N Seafood Grills and Silver Spoon Cafes.

After 51 years at the company, David R. Cowart retired in September as chairman of the board. E. Eugene Bishop assumed the chairmanship and will continue as CEO. The board elected Samuel "Sandy" E. Beal III president and chief operating officer. Beal previously served as executive vice president and CEO of the retail division and founded the Ruby Tuesday restaurants acquired by Morrison in 1982. Charles J. Hollingsworth, executive vice president and chief operating officer of the institutional division, retired.

Morrison added eight units to its cafeteria division in 1986, bringing the total to 156. Ten more units are planned for 1987. Of the 100 units designated for remodeling within the next three years, 36 have been completed. Remodeling plans include the installation of takeout counters, on-the-line grills and dining room dessert stations.

Morrison's institutional division acquired Custom Management in March, a move which broadened its presence into the Mid- and North-Atlantic states.

Morrison's retail division opened 12 Ruby Tuesday restaurants last year, 14 L&N Seafood Grills and one Silver Spoon Cafe for a combined total of 110.

Foodmaker Goes Public, Plans 45 Units

(36) Foodmaker Inc.
$639.5 million*

Foodmaker Inc., which owns and operates the Jack in the Box restaurant chain, went public last February with an offering of 4.6 million shares at $13.50 each. The sale netted $57 million for the company after fees and expenses.

Although total corporate revenues dipped in 1986, unit sales averaged $724,000—a 10% increase over the previous year. Systemwide sales, including franchisees, rose from $586.2 million in 1985 to $587.6 million in 1986. The company's fiscal year ends Sept. 30.

Foodmaker plans to open 45 company-owned Jack in the Boxes and 15 franchises in the western United States. The chain currently consists of 460 company-owned units and 200 franchises located mostly in California, Texas and Arizona.

Foodmaker scrapped the idea of changing the name of Jack in the Box to Monterey Jack's, a move intended to appeal to the 18- to 45-year-old consumers. But other efforts to attract adult customers are underway, including upscale remodeling, menu additions and what one company executive described as "serious, quality food" advertising.

Morrison, in 1986, added eight units to its cafeteria division.

R&I estimate * company est †commercial equivalent (A) former data included non foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est (R) revised

400: PROFILES

Bonanza Sales up, Ribby's to Roll

(42) USACafes
$480 million

USACafes has been busy cranking out menu and design changes for three years now, and the monetary benefits are stacking up. The company reports that newly constructed Bonanzas average 43% more in per restaurant weekly sales than the chainwide weekly average. Remodeling existing Bonanzas also results in boosting sales 25% per week, per restaurant. By year-end '87, USACafe's predicts that 73% of the Bonanzas will be new or remodeled.

USACafe's attributes its 35% growth rate in fiscal '86 to the company's belief in franchising. Of the 571 Bonanzas operating by Jan. 1, 1987, only three were company owned (used for training). The fact that expansion costs are borne by the franchisees allows the company to grow more rapidly.

USACafes plans to build up to 75 units by Jan. 1, 1988, in Washington, California, Oregon, Florida, New York and Japan. In addition, the company is testing a new takeout-and-delivery restaurant selling barbecued ribs and chicken: Ribby's Express Barbecue. The concept evolved from the company's experience with Culpepper's Restaurants Inc., a Colorado barbecue chain.

Franchising helped boost the bottom line in '86 for USACafes and President Jeff Rogers.

Rax Back in the Black with Stylish Fast Food

(56) Rax Restaurants Inc.
$328.9 million

Rax returned to profitability in fiscal 1986 after having its first off year in '85. The successful introduction of hamburger products and a Mexican bar, and the reduction of general and administrative expenses were the keys, according to President Larry Ritter.

"Rax feels good about the fact that as a small 500-unit chain, it has survived when some of our competitors have not," says Ritter.

In a very difficult environment, not only was Rax able to grow, but it attracted new franchisees. Ten concept conversions were completed by May. Franchisees have been converting Sister's chicken units and smaller local operations, and the corporation has converted a few D'Lites operations.

Goals for 1987 include expansion by 70 units. Rax also is in the process of remodeling all company-owned restaurants, going for a look that will more clearly identify them as fast food. For a harder sell approach, Rax will use brighter exterior colors and a road sign promoting the new "Fast Food With Style" slogan.

Advertising expenditures remain at 5.2% of sales. Rax has become more aggressive with couponing and television ads.

Rax also is putting greater focus on "back to basics" field operations, including the initiation of a bonus program for unit managers.

NUMEROUS NACHOS A
BURRITOS

A Mexican bar was a contributing factor to Rax's '86 success.

Chi-Chi's Weathers Transition Year

(57) Chi-Chi's Inc.
$315 million**

Earnings slumps and profit erosion may be a thing of the past for the 199-unit Chi-Chi's Mexican dinner-house chain in Louisville, Ky.

Credit for the turnaround goes to Chairman and Chief Executive Officer Hal Smith, who resigned as president and chief operating officer of Dallas-based Chili's last May to guide Chi-Chi's through a difficult transition year and position it to move ahead. Smith's buzzword is "revitalization." He has opted to sell and take a write-off on 20 poorly performing stores, a move that has made Wall Street take notice.

Chi-Chi's difficulties can be traced in part to major franchisees such as Kelly-Johnston Enterprises and Consul Corp. The former emerged from Chapter 11 as Aschling Inc. and operates only 9 of its original 16 Chi-Chi's. Consul Corp., Chi-Chi's largest franchisee (38 units), has spent the past two years battling operating losses and write-downs.

All company stores will get complete face lifts, including revised menus, new uniforms and spruced up exteriors.

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised.

400: PROFILES

Gary Trimarchi and the Riese Organization are making the most from limited New York locations.

Riese Has Eye Toward Sky for the Future

(61) The Riese Organization
$290 million

The Riese Organization is concentrating on expansion of food courts and multiconcepts under one roof this year.

With the selection of available sites becoming less attractive, the franchisee of more than 300 restaurants in the New York City area is making clever use of selected locations. Riese finished construction of a five-story building on the corner of Eighth Avenue and 34th Street. The plot is only 3,500 square feet, but by developing 15,000 feet vertically it will house a Roy Rogers, a Dunkin' Donuts, a Pizza Hut, a National Frankfurter and a Beefsteak Charlie's.

The Pizza Hut and Houlihan's divisions have been top performers for the New York franchisee. Further expansion for the two concepts are planned for Manhattan and the Metro area. Riese, one of the country's largest privately owned restaurant companies, does not plan to shut down any of its operations in 1987.

Although the Riese family is tight-lipped about sales figures, the estimated $290 million in sales is just one-half of the story—real estate ventures also are estimated to yield $300 million a year.

HCA Battles DRGs Just Like the Little Guys

(68) Hospital Corp. of America
$273.5 million†**

Hospital Corp. of America, the Nashville-based network of health-care systems, currently operates nearly 400 facilities around the world. But even this titan is not immune to the ravages of diagnostic-related groupings and the related ague now plaguing the health-care industry.

According to this year's "400," HCA owns 185 hospitals and manages another 204, for a total of 389 facilities—down 36 from last year's figure of 425. Some hospitals were sold and others' contracts were not renewed, say HCA spokespersons.

Although the company's niche was originally defined as hospital management, HCA has become more diversified in recent years. To help ease the pain of payment cutbacks, the company has increased its emphasis on outpatient procedures and ancillary services such as home care and health insurance.

In addition to finding new sources of revenue, HCA also has implemented a variety of cost-containment measures. Foodservice is one of several areas targeted for cost reduction.

However HCA is not holding back on all fronts. To make the corporation more attractive to prospective clients, and to increase efficiency at existing accounts, HCA recently invested $40 million in a new corporate data center.

Inside the 200,000 square-foot building, four mainframe computers track and analyze data received from all HCA facilities. The new system will help standardize business and patient information, while giving HCA institutions access to a broad corporate data base.

In-house data processing is a first for HCA; until this time, all processing was handled by an outside firm.

White Castle Enters Retail, New Markets

(70) White Castle System Inc.
$268.5 million

Last year, White Castle opened stores in Kansas City, Mo., and Nashville, and this year will develop a presence in Philadelphia and Northeast Ohio; the first unit in Cleveland opened in February. The company opened 18 units and replaced several older stores throughout the system. Two White Castles are open in Japan, managed by White Castle Japan Co., a division of Sato Ltd.

Plenty of circumstance, if not pomp, surrounded the opening of the Cleveland unit. The opening generated 17 television stories, "untold" radio reports and articles in two major newspapers.

The company is phasing out the popular burgers-by-telephone program, and replacing it with retail sales. After learning that people were buying frozen burgers at retail price from White Castle units, then selling them to supermarkets, the company decided to start selling frozen burgers through retail outlets in Columbus, Ohio, Denver, Indianapolis and Portland, Ore. "We aren't terribly enthusiastic about this, but we're aware that if someone is willing to pay for burgers, they may as well be burgers we supply," commented a company spokesman.

White Castle opened 18 new restaurants in '86.

White Castle

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400: PROFILES

Brock has turned around its ShowBiz and Chuck E. Cheese operations.

Diversified Company Solves Pizza Problems

(79) Brock Hotel Corp.
$228.6 million

Troubles of the ShowBiz Pizza Time and Chuck E. Cheese restaurants carried Brock perilously close to bankruptcy. After a financial restructuring prevented that fate and, after working out a deal with its creditors, the company started the hard work of turning around the pizza business and casting off unprofitable hotels.

Led by a new management team, the company has largely succeeded in reaching that goal. Restaurant revenues of $104 million represented a 27.8% increase over '85, contributing to Brock's strong performance in '86. Average unit sales volume was a healthy $741,000. The company also remodeled 12 stores, replacing built-in salad bars with new island designs.

The company's holdings now consist of 42 hotels, including 21 Holiday Inns and 7 Residence Inn hotels. Of the 274 ShowBiz Pizza Place and Chuck E. Cheese restaurants (reborn as ShowBiz Pizza Time), 118 are company owned and 156 are franchised.

Under contemplation are new pizza emporiums. "The sites will be carefully chosen—we follow a strategy of clustering stores for marketing efficiency," says Ron Saupe, senior vice president and general counsel.

Brock has even turned its energies to rescuing companies languishing in Chapter 11. So far it has bought 43 Flakey Jake's and completed the acquisition of the 60-unit Monterey House, a Mexican food chain.

New York Schools: A Lesson in Caring

(84) New York City Board of Education $222.7 million†

As the saying goes, "It is better to give than to receive." Just ask the New York City Board of Education's Office of School Food and Nutrition Services.

Nearly 80% of all meals served through OSFNS are given away to children whose families meet minimum-income guidelines. Without the program, a large percentage of the city's 1 million school children would be going hungry.

Although OSFNS receives large quantities of government commodities (last year's donations were valued at more than $17 million), food and beverage purchases still total nearly $80 million.

In recent years, New York City's school-lunch program has branched out to include breakfast and supper, as well as summer meals. Special campaigns such as "The Breakfast Club" are designed to increase participation in these programs.

But OFSNS' generosity goes beyond New York City's school children. The department also supplies meals to local Meals on Wheels operations, senior citizens' centers, hotels for the homeless, preschool day-care centers and special catered functions.

To promote school foodservice to students who otherwise might not eat, OSFNS relies on a variety of marketing tactics. Last year, a mass-transit campaign invited students to participate in the office's summer program.

Bob Evans Stakes Out the Evening Meal

(87) Bob Evans Farms
$220 million

In fiscal 1986, restaurant sales for Bob Evans increased more than $35 million and net income rose some $2.6 million.

More recently, the company posted an impressive 2% net increase in same-store sales during the first quarter of the current fiscal year. But the company is not resting on its laurels.

In January of '87, Bob Evans Farms acquired Owens Country Sausage, based in Richardson, Texas. The company became a subsidiary of Bob Evans Farms in a stock transaction worth nearly $16 million.

Growth for Bob Evans Farms restaurants will come via development of new markets; by filling in existing markets, especially the Interstate 75 highway corridor from the upper Midwest into Florida; through the development of new menu items; and by promoting the evening meal.

More than 100 units are open 24 hours at least one day of the week, and the chain's continuing flow of new product introductions is slowly helping to balance sales throughout the day. Once Bob Evans restaurants recorded just 39% of their business after 2 p.m. Now that is up to 46%.

Their current advertising promotion, "Best Cooking You Will Ever Have," is targeted to increase business during weekday breakfast and dinner.

The real focus for them now is the evening meal. According to Daniel Evans, chairman and CEO, "that is where the opportunity is for us."

The familiar Bob Evans decor is being seen more throughout the country.

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400: PROFILES

Custom Management Grows by Design

(92) Custom Mgmt. Corp.
$202.6 million

According to Custom Management Corp.'s corporate mission statement, the company intends "to design and manage dining and environmental service programs of discernable quality which are tailored to meet our clients' specific requirements." CMC has set similar goals for its own growth.

The Kingston, Pa.-based management company currently serves 417 accounts, with a market mix of 42% health care, 25% education, and 9% business and industry and other accounts (airports, prisons and recreational facilities). The remaining 24% is attributed to Custom Environmental Services.

Unlike some companies that grow for the sake of growth, CMC has developed an expansion plan tailored to meet its own needs as well as that of its clients. According to CMC President and CEO John Metz, who founded the company in 1967, service has been the key to his success.

Another area of focus for Metz has been the issue of mergers and acquisitions. In March of this year, Metz completed an agreement with Morrison Inc., the Mobile, Ala.-based cafeteria and contract-management company.

The marriage should prove to be a good one, with little geographic duplication. CMC now operates in 22 states in the East and Midwest, plus California and Colorado; Morrison's accounts are located in the South.

Just as the company grows geographically, CMC district, regional and staff management personnel are encouraged to grow professionally. The company's new CORE Leadership Program, led by faculty members from Pennsylvania State University, is believed to be one of the first of its kind.

A Concept As Hot As Its Namesake

(99) Chili's Inc.
$176 million

Trying to find someone in the restaurant industry who is not excited about Chili's Grill and Bar is like trying to find a trendy full-service restaurant that doesn't serve fajitas.

Dunkin' Donuts Vice President Richard Hart Jr. calls the Chili's concept excellent and the management even more impressive. Dunkin' Ventures Corp., a subsidiary of Dunkin' Donuts, in '86 signed on as a Chili's franchisee.

It was one of two major deals Dallas-based Chili's recently transacted. The second was the merger with former joint-venture partner Sunstate Restaurant Corp. The move gave the parent company complete control over existing and future Chili's restaurants in Georgia and Florida.

Perhaps what is most impressive about Chili's is what it didn't do. It didn't flop financially after being labeled a gourmet burger chain *and* having two-thirds of its restaurants in the financially troubled Oil Belt.

Chili's planned to add about 22 restaurants during its fiscal year, which ended in June 1987. For the calendar year, 35 restaurants are scheduled to open; 37 were opened during 1986. The new units are to be in new territories and existing markets. This growth is expected to take the company from 12 states to 22, with an emphasis on California, Florida, the Midwest and the Northeast. Future units might look a bit different than today's Chili's: a new prototype building is in test.

A Marriage of Fast Food and Convenience

(118) Circle K. Corp.
$144.9 million*

Circle K Corp., Phoenix, is joining in partnership with two other "400" companies—Dunkin' Donuts, Randolph, Mass., (33) and Pizza Inn, Dallas (69)—in a marriage of convenience. Convenience stores that is.

Stephen Schwitalla, Circle K foodservice division senior vice president, is helping guide the company's joint ventures.

Circle K Corp. and 7-Eleven are leading the pack when it comes to working with well-known fast-food corporations. Circle K has signed a definitive agreement with Pizza Inn to sell pizza at three of its Houston stores.

The three stores will undergo remodeling to accommodate the 240 square feet needed for the Pizza Inn operation. The operation will be self-contained.

Circle K also is working with Dunkin' Donuts in developing a similar type agreement.

Why is Circle K combining efforts with other fast-food companies? First of all, being a large chain, it has a broad selection of locations to work with both geographically and demographically. The high visibility of locations gives the company an opportunity to experiment with high consumer brand recognition.

Giving the company a fresh approach, a new president and COO was named. Robert M. Reade, formerly senior vice president of real estate and development, was named president and chief operating officer of Circle K Corp. in late 1986.

chili's®
GRILL & BAR

*R&I estimate **company est. †commercial equivalent (A) former data included non foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

400: PROFILES

Oldest KFC Franchisee Says Marriage Works

(122) Harman Mgmt. Co.
$140 million**

As the oldest franchisee of Kentucky Fried Chicken units, Harman Management should know if a takeover is going to work. By all reports things are going very well. Harman was quick to adopt the new parent PepsiCo. For example, Harman was the first franchisee to jump off the Coke wagon and add Pepsi to its units. It has been very successful with its KFC units since the '50s and is not about to let the parent company take it easy.

Harman is a private company with the ability to keep a close watch on its units. It believes in pushing the parent company to try new products, add new promotions and contantly upgrade units—and it works. The company consistently has a higher per store average unit volume than the average Kentucky Fried Chicken. The new 39 cent Chicken Little sandwiches (square breaded chicken patties on small buns) catering to the children's market have been very successful, and the company was the first to test Kentucky Roasted Chicken, a product Harman thinks will do very well.

An ongoing "image enhancement" program keeps Harman KFC units looking good and the company plans to remodel about 26 units in 1987. One way the company ensures efficiently run, high-volume operation is by constantly evaluating the location of KFC units. When the company finds that a unit is not working in a particular location, it is relocated to another. Harman will remain in the same geographic area (Utah, Northern California, Denver and Colorado Springs), and plans to add seven to eight new units in 1987.

New Sandwich Units Popping Up All Over

(121) Doctors Associates Inc.
$140 million

Think of a company that gives birth to new units at roughly the same pace a rabbit produces baby rabbits, and Domino's Pizza might come to mind. But Domino's has an annual growth rate of "only" 33%, compared to a staggering 56% for Subway Sandwiches, according to a recent survey by *Entrepreneur* magazine.

SUBWAY
Sandwiches & Salads

President Fred DeLuca opened two Subway shops a day during '86.

That translates into an average of 15 store openings per week, and the high-speed franchisor is speeding up, with 35 new franchises being sold each week. If that pace holds, the company will almost triple in size during '87. Projected profits are $33 million, up from $16.1 million in '86. Company President Fred DeLuca cited "product, price and people" as reasons for the phenomenal growth.

"The advantage of rapid expansion is in gaining better name recognition. The risk is opening stores in bad locations, but we find that our new stores start averaging $200,000 in annual sales right away," he says. Hot areas for the company right now are the Southeast, Midwest and Southern California. Subway entered these markets four to eight years ago, and as they're strengthened, sales are taking off. Overseas, Canada and Puerto Rico are good growth areas.

Several hundred of the new stores will be in malls, where a smaller store size and slightly higher volume make up for the higher overhead.

Sibling Rivalry Finds Little Brother on Top

(135) Ken's Restaurant Systems
$120 million

Southwestern-based Ken's Restaurant Systems operates Ken's Pizza, Mazzio's, Scooter's Delivery Service and Mazzio's Buy-The-Slice (formerly Ken's Buy-The-Slice). By July 1, 1987, the company name will be changed to Mazzio's Corp.

Ken's Pizza was the original concept, named after founder Ken Selby. Mazzio's, another pizza concept, was created to fit into the late '70s' trends of thick crusts, heavy amounts of toppings, video games and upscale decor. Since then, Mazzio's has become the company's growth vehicle.

Mazzio's accounts for about 65% of total sales. The company plans to eventually phase out all Ken's Pizza's (except in the Tulsa area) and convert them to the Mazzio concept. Franchisees are being offered conversion packets. Once converted, business usually increases by 30%.

About 80% of the Mazzio units have drive-thrus, which accounts for 35% of business. Ken's started using drive-thrus about 10 years ago.

Scooter's Pizza Delivery was started in 1984. Pizza, chicken (20% of sales), and beverages lead the delivery menu. Customer telephone calls are routed to a central location, where customers' past buying habits are kept on file.

A Cheap Shades promotion was devised for the Mazzio's concept and went so well it is being repeated in '87. As a result of the first promotion the company was reporting double-digit sales gains. The promotion offered customers a pair of "Cheap Shades" sunglasses for $1 if they purchased a large or medium pizza.

President Ken Selby and Ken's Restaurants plan to convert most Ken's to Mazzio's.

R&I estimate ** company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

400: PROFILES

Ryan's: More Seats, More Territory

(146) Ryan's Family Steak Houses Inc. $105 million

Bringing a little Southeastern hospitality up North, Ryan's Family Steak Houses Inc. continues its expansion into the Midwest. Though the company has four franchisees operating 15 units in various parts of Florida, Ryan's philosophy is still to put the emphasis on company-operated stores. Plans are to add 20 this year which will bring the co-owned store total up to 75.

The seating expansion tested in 1986 is being implemented this year in about half of the existing units. Ryan's explains that this is the second seating expansion the company has undertaken. Originally units seated 250. Then in '83 Ryans went with a new 330-seat building design. The newest expansion is actually a 90-seat addition to the 330-seat units. According to Ryan's, only top-selling units will receive the addition. New units built in 1987 will follow the 330-seat plan. As each proves profitable, Ryan's will consider adding seats. To date, the first seat expansions have resulted in $3,000 to $7,000 increases per store, per week.

But Ryan's believes there's "a lot more to growth than building." Keeping employees happy and giving them quality training also ranks high on the list of priorities.

Ryan's Alvin McCall Jr. stresses the importance of company-owned units.

Papa Taking Quality Product to Florida

(147) Papa Gino's of America Inc. $104.1 million

Despite its size, Papa Gino's tries to create a small-company image where quality product is everything and the customer is king. This philosophy is what has kept the privately owned company from franchising. "We feel when you franchise you lose a lot of the quality control," says President Ralph Guarino. But lack of franchisees hasn't kept Papa Gino's from expanding at an admirable rate. The company added 18 units last year and plans to build 20 more by year end '87. Six of those new units will be going into Florida, a completely new market for Papa Gino's, which, until now, has concentrated on New England and New York.

The Florida stores also may signal a shift in decor. Guarino says the company is studying the Florida market right now to determine which, if any changes are merited. To date, the majority of Papa Gino's are counter-service units. A few full-service units were required in towns that had zoning laws designed to block fast food.

Looking back at '86, Papa Gino's is most proud of it's profitability and sales increases. Papa Gino's systemwide sales rose $27.1MM over last year's figure, and average checks increased from $4.50 to $4.69. In the past year, Papa Gino's has run several internal promotions to raise check averages. Rather then promote a sale on cheese pizza's for instance, Gino's will promote a discount on a three way combination. Papa Gino's also has run contests between sales people to see who can raise check averages the most.

Foodservice Pro Tries Public Restaurants

(180) Professional Foodservice Mgmt. $82.8 million†*

Foodservice operations at its 90 colleges and universities continue to be the backbone of this company's business but the time has come to move off campus as well. With the purchase last year of eight Dallas-area public restaurants operating under the names Beck's and Hamby's, they have decided to see what else they can do. The acquisitions are described as "upbeat fast food, mostly hamburgers" although several have cocktail lounges, one features barbecue and another strictly takeout.

With this acquisition, PFM has gotten into serving both the public and office feeding. The strategy calls for investigating new concepts and areas for expansion by working with the new businesses and building upon what is most successful. According to PFM's President Richard Meyer what they learn from these operations could be used to expand either the college or B&I segment of the business.

Ultimately, the company would like to be able to provide more elaborate on-campus feeding operations as their college clients demand them. This fall at Southwest Texas State, a long-time client, seven new theme restaurants will open, all of which will be available to resident students, in addition to the cafeteria, as part of the meal plan.

PFM also manages foodservice at 25 summer camps, which keeps profits steady during summer months when college business slows.

A Little Bit of Old Italy in the New World

(183) Sbarro Licensing Corp. $81.3 million*C

This fast-growing Italian food/pizza chain has come a long way since Gennaro and Carmela Sbarro opened their first delicatessen/restaurant in Naples, Italy in 1936. Since joining the fast-food trend in 1971, business has boomed and the irresistible aroma of Italian cuisine is still drawing customers from the mall.

Joining the modern trend in no way sacrificed the basic commitment to the original concept. Sbarro units incorporate a modern motif yet retain the feeling of the Italian delicatessen, complete with hanging cheeses, proscuitto hams and salamis. All food is prepped fresh daily and includes pasta dishes, veal and chicken entrees, desserts and, of course, pizza.

Most of the 190 units are located in enclosed malls in the cafeteria mode with in-line seating or as part of a food court. The first free-standing unit is up and operating in Puerto Rico and another is doing well in a Washington, D.C., department store. Their success may determine whether this kind of operation will be incorporated in future expansion plans.

The company plans to open another 50 to 55 units in '87. Locations include Puerto Rico and Hawaii in addition to the continental United States.

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400: PROFILES

Unigate's Casa Bonita reported a 7% real growth rate.

Unigate Finds More than One Way to Grow

(188) Unigate Restaurants Inc.
$79.8 million

Dallas-based Unigate owns and operates 107 Taco Buenos ($55.2 million), four Casa Bonitas ($15 million) and seven Crystal's pizza parlors ($9.6 million). In 1986, the company acquired the 46-unit Black-eyed Pea and Dixie House chains from Prufrock Restaurants.

Taco Bueno was founded in 1967 in Abilene, Texas, by William Waugh, who couldn't get a Taco Bell franchise in Texas. Its primary markets are the Dallas-Fort Worth and Oklahoma City-Tulsa areas. Smaller concentrations are located in Houston, Denver and Abilene.

Customers perceive Taco Bueno as a bridge between fast food and sit down, but it is fast service. The units average 2,500 to 3,500 square feet and seat 70 to 110. Cowan says that the average unit volume is double that of Taco Bell units. The company plans to double its size in five years without franchising.

Casa Bonita president David Fry states that his company has shown a 7% growth in real sales, but that the division has no immediate plans for expansion of the 400- to 1,100-seat, Mexican Village-style restaurant.

Benihana Makes Another Big Splash

(193) Benihana of Tokyo Inc.
$75 million

A second Big Splash Seafood Emporium opened this spring in the Kendall section of Miami, about 25 miles south of the first. It's a traditional sit-down set-up with some notable decor highlights including a shark tank just inside the entrance. Another Benihana Japanese-style restaurant opened in Key West, Fla., in November 1986, and the company recently signed a deal for a Benihana in the Lake Buena Vista Hilton at Disney World which will open in '88.

When Benihana started business in 1964, its first restaurant on West 56th in New York City had a total of four tables. Undoubtably, the service was great. So was the food, enough so that 23 years later Benihana of Tokyo Inc., the privately held parent company, owns 21 Japanese-style steakhouses and franchises eight. Its public subsidiary, Benihana National Corp., operates 17 steakhouses and franchises one.

TCBY Yogurt Franchises Double

(203) TCBY Ent. Inc.
$71 million

TCBY frozen yogurt chain is rolling doubles. In 1986, the company more than doubled its number of franchises from 216 to 460 and anticipates nearly doubling their number again in 1987 for a year-end total of 850 units. Next summer, TCBY plans to double the capacity of its $5.5 million Dallas manufacturing plant.

TCBY's sales and revenue performance conform with its rapid expansion rate. In 1986, the company earned $33 million in revenues and noted $71 million in systemwide sales. Executive Vice President Herren C. Hickingbotham anticipates 1987 figures to reach $75 million in revenues and $130 million in sales.

Arkansas-based TCBY, whose initials stand for "The Country's Best Yogurt," opened its first regional office in Atlanta, a step toward the company's plan to decentralize management.

TCBY tapped franchise-owner Mickey Rooney as company spokesman and may bring its regional "All of the Pleasure, None of the Guilt" advertising campaign to national television.

Lettuce Grows in Chicago and Beyond

(235) Lettuce Entertain You Ent. Inc.
$60 million**

Rich Melman opened his first restaurant in 1971; today, his company has six divisions and 32 restaurants under its umbrella. From the upscale French restaurant Ambria and the semi-private Everest Room to the '50s-style diners called Ed Debevic's, Lettuce restaurants are known for good food and good value—but always with an element of fun thrown in. Of the company's 32 restaurants, 22 are owned entirely or partially; the remaining 10 are managment contracts.

What's new with Lettuce? In addition to opening new restaurants in Chicago, the company is expanding its management division and opening Ed Debevic's outside of Chicago, through joint ventures with Big 4 Restaurants (Phoenix) and/or Collins Foods International (Los Angeles). There are five Ed Debevic's now open.

Looking For Love They Found Success

(248) Prufrock Restaurants Inc.
$56 million*

Fifteen years ago, Gene Street and Phil Cobb were looking for a better way to meet women. To that end, they opened a bar. The bar became a restaurant. One restaurant led to another and in 1986, the two men sold all their down-home Black-eyed Pea and Dixie House restaurants to Unigate PLC for more than $40 million.

But the passing of leadership does not mark an end to progress. Street was already involved with the small Mother Mesquite's Mexican restaurant chain before selling his share. Cobb stayed on following the purchase to help new chairman, Wallace Jones, ready expansion plans that will be boosted by financial backing from the new ownership. This included four units in the last fiscal year.

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400: PROFILES

Bobby McGee's Finds Happiness in Hotels

(253) Bobby McGee's USA Inc.
$55 million**

Thrilled with the success of its new unit in Burlingame, Calif., (in the Embassy Suites Hotel at San Francisco Airport) Bobby McGee's is looking at other hotel sites.

Of the company's 22 restaurants, only one is franchised, but another franchise is expected to open in the Denver suburb of Littleton this summer. Sales are strong at a new unit in Oxnard, Calif., (opened in April 1987) and also at the company's two Muncy's units, in Phoenix and Mesa, Ariz. Muncy's is a casual concept with a medium-priced menu and lower check averages than Bobby McGee's.

Chicago's Levy brothers in '86 opened their second Eadie's kitchen.

Two Families Still at the Heart of Palm

(274) Palm Mgmt. Co.
$49.5 million**

The first Palm was a small, New York City speakeasy opened during prohibition. Today, Palm Management—which is run by Walter Ganzi and Bruce Bozzi, the grandsons of the founders—operates 11 restaurants with almost $50 million in annual sales.

Around the country, Palm restaurants resemble each other closely: sawdust on the floor, cartoons on the walls, lots of dark wood. Menu mainstays include lamb, veal, seafood and traditional Italian specialties, but lobster and steak remain the most popular items.

The company is always looking at new locations; Boston, Atlanta and Philadelphia are being considered. The original unit in New York remains one of the company's most successful.

Restaurants Unlimited Commits to Cinnabon

(312) Restaurants Unlimited Inc.
$41 million

The biggest highlight of 1986 for this California-based company was the growth of its new Cinnabon concept. After a one-year test, it has committed to expansion and set up a separate division from its full-service operations.

The first Cinnabon unit opened in December 1985. There are now 30 units in operation and plans to open 20 or 30 more by the end of 1987.

Restaurants Unlimited also is working with Embassy Suites hotels. It has taken over operation of the hotel restaurant at the Los Angeles airport and is designing another for San Diego.

The company also has been successful by shifting emphasis among its full-service operations from eclectic dining to "dinner house" dining, according to Richard Giboney, vice president of marketing.

Levy: A Leader in Real Estate and Restaurants

(331) The Levy Organization
$38 million

Since its founding in 1978, the Levy Organization has earned a widespread reputation for highly successful real estate and foodservice ventures. In the past nine years, the company, headed by brothers Larry and Mark Levy, has initiated major real estate developments representing investments of more than $500 million, been responsible for the creation of more than 20 restaurant and food concepts, and provided consulting expertise in both real estate and foodservice. To date, Levy operates 27 different foodservice outlets: restaurants, retail stores and a variety of catering operations.

The year ahead will be equally busy for the Levy brothers. Sometime this summer, they will open a 400-square-foot retail-delicatessen in Chicago's Northwestern Train Station, now called the Morton/Thiokol Building. In August, they will open a reasonably priced American bistro in conjunction with Chicago restaurateur Doug Roth, the former vice president of Don Roth Restaurants. Levy is also looking at possible sites for a Pan-Asian concept, and late this year, will begin construction on two restaurants on Pleasure Island at Walt Disney World in Orlando, Fla. One will be "a fireworks factory concept," and the other a Caribbean restaurant called The Bermuda House.

Chicago Mexican Chain Anchors '87 '400'

(400) Pepe's Inc.
$26 million

Twenty years ago, Mario Dovalina and the late Edwin Ptak incorporated Pepe's. It would grow to become a Mexican chain recognized as a staple in the Chicago metropolitan area. Dovalina continues as corporate chairman, with Robert Ptak, Edwin's son, serving as president. Other members of both families also are involved with corporate operations.

*R&I estimate **company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

400: RANKINGS

McDonald's®

Volatility rocked the top of the "400" in 1986 as the KFC acquisition elevated PepsiCo to second place, edging out Pillsbury in sales, and even toppling Big Mac from its No. 1 position in units. Even the addition of a major chunk of Saga, however, was not enough to boost Marriott beyond the 4th position it held last year. The two new members of the billion dollar club were Shoney's at $1.19 billion and Collins Foods at $1.05 billion. Meanwhile, another incredible 38.4% growth rocketed Domino's from No. 16 to No. 12.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
1	1	**McDonald's** Oak Brook, Ill.	12,400	11,000.9	12.7
2	3	**PepsiCo Foodservice Div.** Purchase, N.Y.	7,335.6	3,117.5^R	135.3
3	2	**The Pillsbury Co. Restaurant Group** Minneapolis, Minn.	5,500	5,538.2*	−0.7
4	4	**Marriott Corp.** Washington, D.C.	5,051.4*	3,394.3*	48.8
5	7	**U.S. Dept. of Agriculture, Food & Nutrition Service** Washington, D.C.	3,215.5†	2,671.5†	20.4
6	6	**Wendy's Intl. Inc.** Dublin, Ohio	2,747.2	2,694.8	1.9
7	8	**ARA Services Inc.** Philadelphia, Pa.	2,632.3†*	2,380†^{B}	10.6
8	10	**TW Services** New York, N.Y.	2,449.2*	1,814.7*	35
9	9	**Imasco USA** Rocky Mount, N.C.	2,268.8*	1,936*^{A}	17.2
10	12	**International Dairy Queen Inc.** Minneapolis, Minn.	1,723	1,604	7.4
11	11	**Holiday Corp.** Memphis, Tenn.	1,638.3*	1,622.5*	1
12	16	**Domino's Pizza Inc.** Ann Arbor, Mich.	1,500	1,084.2	38.4
13	13	**Denny's Inc.** La Mirada, Calif.	1,335.8	1,280.3	4.3
14	15	**The Sheraton Corp.** Boston, Mass.	1,251.8*	1,162	7.7
15	18	**W.R. Grace Restaurant Group** New York, N.Y.	1,243.1*	1,036	20
16	20	**Shoney's Inc.** Nashville, Tenn.	1,198	985	21.6
17	21	**Collins Foods Intl. Inc.** Los Angeles, Calif.	1,057.4	895.5**	18.1
18	17	**General Mills Restaurant Group Inc.** Orlando, Fla.	1,050	1,140^R	−7.9
19	19	**Service America Corp.** Stamford, Conn.	1,001.9	1,000*	0.2
20	22	**Hilton Hotels Corp.** Beverly Hills, Calif.	930.6*	881.6*	5.6
21	24	**Arby's Inc.** Atlanta, Ga.	892.8	811	10.1
22	25	**The Southland Corp.** Dallas, Texas	875.9*	810.5*	8.1
23	23	**U.S. Navy Food Service Systems Office** Washington, D.C.	809.6†	852.4†	−5
24	27	**Ponderosa Inc.** Dayton, Ohio	770	677.1	13.7
25	26	**Jerrico Inc.** Lexington, Ky.	763.9	713.2	7.1

*R&I estimate **company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

Number of units '86	'85	% of change	Organization highlights
9,410	8,901	5.7	(Franchisor) Room at the top for executives: Michael Quinlan succeeded Fred Turner to become only the third CEO in co. history. Jim Cantalupo, senior v.p., named pres., McDonald's Intl.
14,811	6,785[R]	118.3	(Franchisor) October purchase of Kentucky Fried Chicken from RJR made PepsiCo second-largest foodservice sales organization in world. Co. has most restaurant units worldwide.
5,831	6,048*	−3.6	(Franchisor) Co. now has 1 restaurant group under J. Jeffrey Campbell, who moved to Minneapolis June 1. Charles Olcott reigning at Burger King. Don Slater named pres. of S&A.
4,723*	3,128*	51	(Diverse foodservice/lodging) Saga acquisition (6/86) pushed mgmt. div. over 2,000 units as co. restaurant sales, minus Saga units, neared $800MM. Made bid for Denny's 5/87.
89,051	89,200	−0.2	(Government institutions) Task force's task: Improve commodities program's responsiveness to school lunch. USDA Sec. Richard Lyng met with ASFSA, created new task force. Fy end 9/86.
3,727	3,442	8.3	(Franchisor) James Near replaced Ronald Fay as pres. and CEO. Co. sold Sisters to SisCorp for $14.5MM; closed 120 company-owned Wendy's. Advertising again in the hands of Dick Rich Inc.
3,456*	3,200[B]	8	(Foodservice mgmt.) Aggressive sales reduced ARA's LBO debt by $108MM, bringing total debt reduction to $200MM. Co. added 300-plus units with 12/86 Szabo acquisition.
3,862*	2,313*	67	(Diverse foodservice/lodging) A new name, a new chairman: TW formed by merger of Transworld businesses in 12/86. CEO Smart announced retirement; named CFO Salizzoni his successor.
2,822	2,543	11	(Franchisor) Co. repositioned with 2 new ad campaigns, "A Little Closer to Home" and "We're Out to Win You Over"; closed in on Wendy's for No. 3 burger chain spot. Plans 290 more units.
5,513	4,928	11.9	(Franchisor) Biggest news is combination of DQ and Karmelkorn Shoppes in Dairy Queen Treat Centers for shopping malls and selling of multiple franchises to establish greater metro presence.
2,482*	2,419*[B]	2.6	(Diverse foodservice/lodging) Hurrah for Harrah's, Hampton Inns, Embassy Suites and Residence Inns: All 4 dominated their market segment. Reduced number of company-owned hotels.
3,606	2,821	27.8	(Franchisor) Folks outside the U.S. will have a chance to avoid the Noid as co. expands internationally. Currently units in 7 foreign countries and 1.634MM pizzas sold from 3,606 units in '86.
2,016	1,978	1.9	(Franchisor) Announced public offering of 5MM partnership interests in Winchell's Donut Houses at 18 cents a unit. Denny's will retain 42% ownership interest in partnership. Fy end 6/86.
1,457	1,457	0	(Lodging) Following industry trend, co. readying all-suite concept; Sheraton Suites to debut in '88. Will be available for franchise. Co. has over 500 properties in 62 countries. PC: ITT Corp.
918*	845	8.6	(Diverse restaurants) Majority of restaurant group went West. Of remainder, Taco Villa restructuring top mgmt. Applebee's expanding in Southeast and American Cafe going to Mid-Atlantic.
1,360	1,247	9.1	(Diverse foodservice/lodging) Appointed 6 new officers to plan, develop and expand concepts including aggressive franchising in '87. Added 119 units in '86; 170 due in '87. Fy end 10/86.
976	843	15.8	(Diverse restaurants) Turned around the once-ailing Naugles fast-food chain. 176 units earned $112.4MM in the last year. Rolled Gino's East, Josephinas and Ed Debevic's into joint venture.
599	540	10.9	(Diverse restaurants) Restaurant group consolidating, enabling services staff to support all concepts. Olive Garden major expansion vehicle. Sold Darryl's, Casa Gallardo, The Good Earth.
11,546	9,000*	28.3	(Foodservice mgmt.) After giving birth to SA less than 2 years ago, PC Allegheny Beverage continues its efforts to sell; could meet with success through LBO in '87.
1,155*	1,100**	5	(Lodging) Massive renovations in Chicago, Washington, Las Vegas, Nev., New York are turning "dormant spaces into profit centers." Co. seeking hotels in trouble as acquisition targets.
1,760	1,550	13.5	(Franchisor) Co. will standardize units with Series 2000 buildings to accommodate growth experienced in '86 and expected in '87. They take up less space and have standardized kitchens.
7,835	7,519	4.2	(Retail) Southland dissolved test agreement with Rocky Rococo, but still the testing grounds for Hardee's, Church's units. Co. developed The Works, a fast-food concept within 7-Eleven.
684	666	2.7	(Military) Organization is automating the records-keeping process of foodservice operations on board ships. Emphasis is on the financial data. Nutrient data analysis to begin.
704	637	10.5	(Franchisor) After resisting USACafes' (Bonanza's) advances, Ponderosa was wooed and won by NYC private investor Asher Edelman. This year remodeling company-owned units.
1,467	1,436	2.2	(Franchisor) Raising advertising contributions to 5.5% of sales helped increase revenues 9%. Plan to accelerate back-of-the-house remodeling in 100 co. shops. Successful debut of Florenz concept.

31

Ramada breaks 100,000-room mark marching into Richmond . . . U.S. Army Troop Support Agency breaks formation with less salt, lower calorie foods . . . VICORP vies for kiosk niche with Baker's Square . . . Hyatt grounds T.J. Peppercorn's . . . Copeland's Popeyes flex new muscles after management restructuring . . . K mart sheds Furr's, gives benediction to Bishop's.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
26	32	**Carlson Cos.** Minneapolis, Minn.	749.7	600.2	24.9
27	36	**Ramada Inns Inc.** Phoenix, Ariz.	737.9*	525**	40.6
28	29	**Allegis** Chicago, Ill.	732.1†	659†*	11.1
29	37	**U.S. Army Clubs and Recreation** Alexandria, Va.	715.1†	518.9†	37.8
30	28	**U.S. Army Troop Support Agency** Fort Lee, Va.	700.8†	676.6†	3.6
31	35	**Hyatt Hotels Corp.** Chicago, Ill.	681.8*	571.3	19.3
32	31	**Morrison Inc.** Mobile, Ala.	652.2	631**	3.4
33	34	**Dunkin' Donuts Inc.** Randolph, Mass.	648	576.7	12.4
34	38	**K mart Corp.** Troy, Mich.	646.2*	511.7*	26.3
35	33	**Foodmaker Inc.** San Diego, Calif.	639.5*	597.9*	7
36	30	**Church's Fried Chicken Inc.** San Antonio, Texas	577.7	639.9	−9.7
37	39	**Baskin-Robbins Ice Cream Co.** Glendale, Calif.	572.1*	484.1*	18.2
38	41	**Friendly Ice Cream Corp.** Wilbraham, Mass.	536.5	471.4	13.8
39	53	**Little Caesar Ent. Inc.** Farmington Hills, Mich.	520	340	52.9
40	40	**VICORP Restaurants Inc.** Denver, Colo.	502.8	471.6	6.6
41	46	**Army & Air Force Exchange Service** Dallas, Texas	496.9†	428.2†A	16
42	47	**USACafes** Dallas, Texas	480	421	14
43	44	**Carson Pirie Scott & Co.** Chicago, Ill.	465.7*	439.8*	5.9
44	45	**Western Sizzlin' Steak House Inc.** Augusta, Ga.	454	436	4.1
45	43	**Quality Inns Intl.** Silver Spring, Md.	441.9*	312*R	41.6
46	50	**Elias Brothers Restaurants Inc.** Warren, Mich.	416	400	4
47	52	**A. Copeland Ent. Inc.** Jefferson, La.	415	364.8	13.8
48	49	**U.S. Air Force Open Mess System** Randolph AFB, Texas	409.8†	412.5†	−0.7
49	42	**Sky Chefs Inc.** Dallas/Fort Worth Airport, Texas	398	464†*	−14.2
50	57	**Investors Mgmt. Corp.** Raleigh, N.C.	381	320.1	19.

*_R&I_ estimate **company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

Number of units '86	'85	% of change	Organization highlights
889	668	33.1	(Diverse foodservice/lodging) Radisson continued climb to top with 2 new hotels, 7 renovations. Country Inns, an economy concept, was born. New mgmt. promises good things for TGI.
701*	571**	22.8	(Lodging) All systems go for Ramada Suites, slated for construction across the country, especially in West, Southwest. Broke 100,000-room mark, with Richmond's 300-room Ramada Renaissance.
343**	322^{B}	6.5	(Diverse foodservice/lodging) A new kitchen opened at Japan's Narita Airport, and plans to open 2 more this year. Added service to 10 new countries in the Pacific. Cost per meal rose 15¢.
631^{B}	1,116	−43.5	(Military) Organization being upgraded. Studying 2 alternatives: merger with Army and Air Force Exchange Service or forming Morale, Welfare and Recreation Business Command. Fy end 9/86.
1,105	1,089	1.5	(Military) Salty and high-caloric foods are disappearing from the dining-hall serving line. Introduced Short Order Fitness Menu Pattern early in '86. Fy end 9/30.
386*	363	6.3	(Lodging) '86 openings: Park Hyatt (the second of its kind) in Washington, D.C., and Hyatt Regency hotels in Scottsdale, Ariz., and Greenwich, Conn. Co. says a new partnership will manage clubs.
608	569	6.9	(Diverse foodservice/mgmt.) Co. operates cafeterias, theme restaurants and has contract-feeding operations. Reorganized mgmt. in 2 major areas: Health Services and Dining Services.
1,539	1,447	6.4	(Franchisor) Has become franchisee for Chili's Grill & Bar in Northeast. Experimenting with drive-thru windows, express-service systems, separate dining areas and Donut Shop kiosks.
1,968*	1,851	6.3	(Retail) Furr's Cafeterias and Bishop's Buffets were sold to Cavalcade Holdings for $237.5MM in an effort to streamline operations. Sales figures still reflect ownership of Furr's and Bishop's.
849	800**	6.1	(Franchisor) Foodmaker goes public with Feb. '87 stock offering. Plans to add 45 co., 15 franchise Jack in the Box in '87; 75 more in '88. Talk of Canadian, Far East franchises. Fy end 9/86.
1,532	1,549	−1.1	(Franchisor) Church's converted Crispy Chicken and Farmer Brown's units in '86. Co. intends to improve store-level mgmt. and focus on stores already open rather than expand in '87.
3,311	3,217	2.9	(Franchisor) Created 4 subsidiaries by changing internal structure: Baskin-Robbins U.S.A.; Baskin-Robbins Intl.; Flavor Forces; and Cash Guardian, which is working on a theft-proof cash register.
829	750	10.5	(Full service) Picked up 35 units with Litchfield Farm Shops. Idlenot Farm Shops acquisitions; will be converted to Friendly's. 49 brand new units also slated. '86 profits reached $50MM.
1,308	900	45.3	(Franchisor) Going national was the best idea for this pizza chain. Since '82, business has quadrupled, up 415% in sales, 376% in units. Co. hopes to be in all 50 states by Dec.
445	537	−17.1	(Franchisor) Less is more: Sold Specialty Restaurant Div.; launched new "A Taste of Bakers Square" kiosks for shopping centers. 50 Sambo's-to-Bakers conversions remain. Fy end 10/86.
2,732	2,773	−1.5	(Military) Organization adopting "chain within a chain" strategy: developing a centrally directed restaurant concept using standard menus, decor and central distribution. Fy end 1/87.
571	542	5.4	(Franchisor) First quarter '87, USACafes restructured from a corp. to a limited partnership, a change expected to double stockholders' dividends in '87 from '86.
433*	710*	−39	(Diverse foodservice/lodging) Steak 'n Egg restaurant chain sold 8/86. Dobbs Houses airline catering unit put on the block. Delayed construction of franchised units for Toddle House.
642**	574	11.8	(Franchisor) In '86 Western Sizzlin' changed its logo and uniforms. Now remodeling units to update decor. 50 new units in '87 will be franchised in Northeastern and Calif. markets.
816*	573	42.4	(Lodging) Co. pursues strategy of simultaneous development in budget, mid-priced and luxury segments. Joint venture with AIRCOA boosts growth in luxury segment.
254	248	2.4	(Diversified franchisee) "Birthright is Big Boy," says family co., and still aggressive with 254. Raised 5 Top Hats in '86. Acquired foodservice for Huron-Clinton Parks, Detroit. Fy end 9/86.
656	540	21.5	(Franchisor) Popeyes continued a substantial growth rate with AUVs constant. Decentralization of mgmt. has been the major recent step in firm's development. 6 Copeland's did $15MM.
502	502	0	(Military) Internal reorganization in 7/86 maximized staff talents and translated into excellent service to personnel at base level. Result? Membership is at an all-time high. Fy end 9/86.
326*	326*	0	(Transportation/diverse foodservice mgmt.) Co. sold majority of units to Delaware North in '86. Constructing new kitchens in Nashville and Raleigh-Durham, N.C., and expanding in Miami.
519	493	5.3	(Diverse restaurants) A record year for Golden Corral. 500th unit opens this spring. Through '86 focused on 30,000-and-under markets, now gearing up for larger markets with new design.

400: RANKINGS

INTERNATIONAL
HOUSE [illegible]
RESTAURANT

Rax swerves into the fast-food lane with a new store design and a high-powered ad campaign . . . TWA's numbers climb into the black . . . Sonic booms: Disney cracks Big Thunder . . . Riese constructs a five-story miracle on 34th Street, but Chi-Chi's closes stores to gain stability . . . Po Folks hopes to strike it rich with a breakfast menu and new decor . . . IHOP makes a leap to the nighttime hours to concentrate on the dinner trade.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
51	51	**Inter-Continental Hotels Corp.** New York, N.Y.	381*	373.5*	2
52	54	**Ogden Allied Services Corp.** New York, N.Y.	370	330	12.1
53	59	**Greyhound Food Mgmt. Inc.** Phoenix, Ariz.	350	303.1	15.5
54	58	**Carl Karcher Ent. Inc.** Anaheim, Calif.	344.9**	308.2	11.9
55	55	**U.S. Air Force** Tyndall AFB, Fla.	329.6†	323.7†	1.8
56	63	**Rax Restaurants Inc.** Columbus, Ohio	328.9	280	17.5
57	56	**Chi-Chi's Inc.** Louisville, Ky.	315**	323[C]	-2.5
58	84	**Boddie-Noell Ent. Inc.** Rocky Mount, N.C.	298	205.3	45.2
59	69	**Po Folks Inc.** Nashville, Tenn.	295.9	256.1*	15.5
60	92	**Carvel Corp.** Yonkers, N.Y.	291.5*	283.8*[R]	2.7
61	61	**Sonic Industries Inc.** Oklahoma City, Okla.	291	292	-0.3
62	62	**The Riese Organization** New York, N.Y.	290	291.8*	-0.6
63	60	**Eastern Airlines** Miami, Fla.	286.8†	297.6†	-3.6
64	110	**National Medical Ent. Inc.** Orange, Calif.	280.5†	148.8†	88.5
65	74	**Beverly Ent.** Pasadena, Calif.	280†**	238†**	17.6
66	111	**Trans World Airlines Inc.** New York, N.Y.	275†	145.8†	88.6
67	71	**Walt Disney Co.** Burbank, Calif.	274.9	245.9	11.8
68	64	**Hospital Corp. of America** Nashville, Tenn.	273.5†**	276.6†*	-1.1
69	66	**Pizza Inn Inc.** Dallas, Texas	269.7	265.5	1.6
70	73	**White Castle System Inc.** Columbus, Ohio	268.5	239.9	11.9
71	65	**Veterans Administration** Washington, D.C.	264.8†[B]	267.3†	-0.9
72	72	**IHOP Corp.** North Hollywood, Calif.	264.1	240	10
73	68	**The Horn & Hardart Co.** New York, N.Y.	256.5**	258	-0.6
74	77	**Delaware North Cos. Inc.** Buffalo, N.Y.	250	225	11.1
75	86	**Round Table Franchise Corp.** San Francisco, Calif.	250	196.4	27.3

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RESTAURANTS & INSTITUTIONS

Number of units '86	'85	% of change	Organization highlights
399*	384**B	3.9	(Lodging) Co. proudly presented D.C.'s Willard Hotel, restored to 19th century splendor at cost of $70MM. To boost tourism, Inter-Continental is offering a summer sale at 30 European hotels.
1,725	1,500	15	(Diverse foodservice/mgmt.) Restructured both mgmt. and co. offerings. 5 divisions provide building, aviation, industrial, human and leisure services. Each targets different customers.
439	385	14	(Diverse foodservice/mgmt.) Purchased Cassano's Pizza and the foodservice div. of H.A. Pope & Sons. Renamed U.S. contract foodservice div. Restaura Dining Services.
433	453	−4.4	(Franchisor) New prototype store opened in Anaheim, Calif., complete with a hot dog cart. Testing 3 new decor packages. Plans to open 23 company owned and 11 franchised units this year.
672	639	5.2	(Military) Continued development and implementation of Services Information Mgmt. System automated foodservice module. Recognized a 1.57% increase in meals served. Fy end 6/87.
512	443	15.6	(Franchisor) New ad agency has been given the OK to introduce new marketing position, "Fast Food with Style," including pasta and nacho bars. 55 units added in '86, 70 due in '87. Fy end 7/86.
199	200	−0.5	(Franchisor) Buzzword is "revitalization." Hal Smith engineered successful turnaround. Co. positioned to move ahead. Will sell and take a write-off on 20 poorly performing stores.
338	242	39.7	(Diversified franchisee) All bode's well for Boddie-Noell. Co. is testing a double-drive-thru concept at Hardee's units. Co. also operates 74 Zip Mart convenience stores. Fy end 9/86.
313	278	12.6	(Diversified franchisee) Not so Po Folks added 15 Po Folks '86, plans 10 in '87; Implementing new cost-cutting building design; adding breakfast. 20 Davco Wendy's opened in '86; 10 more in '87.
870*	860*E	1.2	(Franchisor) Units continue to open throughout system with the Southwest and Carolinas especially active. Ice cream cakes for every occasion remain hot. Co. continues new product development.
958	931	2.9	(Franchisor) Will expand into Calif., Va., Fla., the Carolinas and San Antonio this year, and will open 50 new units. Average per-unit sales increased 7%; traffic counts went up 16% in '86.
260	300	−13.3	(Diversified franchisee) Preparing to expand its Houlihan's div., and getting ready to open Pizza Huts in Big Apple. Food courts and multiconcepts under 1 roof targeted for expansion.
101	105	−3.8	(Transportation) All the news was in the front office. Longtime Chmn. Frank Borman left to become vice chmn. of Texas Air, which in 11/86 acquired Eastern. Frank Lorenzo now chairs both.
563	527	6.8	(Health care) Of the 3 types of operations run by NME, the Specialty Hospital Group is the area of growth. Nursing home, acute-care facilities doing well. 23 new units due in '87. Fy end 5/86.
1,100	1,025	7.3	(Health care) Co. reorganized in '86. Internal auditing system designed to standardize operations, food quality specs. Hired about 100 registered dietitians; started training program.
3	4	−25	(Transportation) Showed profit for the first time in years. Co. operates 3 of its own units: Kennedy, Los Angeles and Cairo airports; rest are catered. Routes to Stockholm and Berlin being added.
182	184	−1.1	(Recreation) Along with new Disneyland Star Tours came opening of Big Thunder Barbeque Restaurant. Co. preparing for '88, when adult-oriented Pleasure Island will open. Fy end 6/87.
389	425	−8.5	(Health care) Dietary services div. continues to set up total support systems at each of the regional sites. The goal is standardization of accounting for net cost per patient day and meals.
799	763	4.7	(Diverse restaurants) Probably PI's last "400" appearance as its $48MM buyout by Pantera's awaits approval of SEC, shareholders. Merger will make Pantera's the No. 4 pizza chain. Fy end 1/87.
222	202	9.9	(Fast food) In '86, stores went up in Nashville, Kansas City, Mo., and northeast Ohio. Co. looking for sites in Philadelphia. Co. is phasing out toll-free burger number and going into retail sales.
160	304	−47.4	(Health care) VA mgmt. is starting to fully implement a computer program started several years ago. The computers will handle clinical and administrative information.
450	454	−0.9	(Franchisor) IHOP's hopping with 16 units in '87, some in Canada and Japan. New 140-seat design will be further developed. St. Louis market units marked for major remodeling.
325	366	−11.2	(Diversified franchisee) Restructuring of foodservice and restaurant operations may lead co. to sell or close unprofitable Bojangles' in effort to reduce administrative and general expenses.
292	235	24.3	(Foodservice mgmt.) Operator of fast-food to full-service operations in airports, sports and recreational facilities bought the majority of Sky Chefs in 2/87.
500	460	8.7	(Franchisor) Passed the 500th unit milestone in '86. Plans call for continued growth in western U.S; Co. targeting 70 units for '87. Exploring intl. expansion in Pacific Rim. Fy end 6/87.

400: RANKINGS

CUSTOM
MANAGEMENT
CORPORATION

The spotlight is on ShowBiz Pizza once again, this time for a turnaround performance that has made it a star for Brock . . . Bob Evans Farms may harvest a bumper crop of new restaurants in the South and Southwest, thanks to the purchase of Owens Country Sausage . . . Chili's has made fajitas a hot item, and Nestlé's Stouffer has chosen Baltimore's Harborplace to dock the newest unit of its hotel fleet . . . Custom Management will reach out to West Coast care facilities with a new San Francisco office.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
76	70	**National Purchasing Corp.** Irvine, Calif.	249.5†	249.5†	0
77	75	**Szabo Foodservice Co.** Oak Brook, Ill.	246.7†*	237.2†	4
78	90	**Nestle Enterprises Inc.** Solon, Ohio	232*	192.7*	20.4
79	76	**Brock Hotel Corp.** Irving, Texas	228.6	231.8**	−1.4
80	99	**Food Concepts Inc.** Rutherford, N.J.	225†	175.3†	28.4
81	94	**Whataburger Inc.** Corpus Christi, Texas	225	185	21.6
82	93	**The Ground Round Inc.** South Weymouth, Mass.	225**	188.7*	19.2
83	89	**Piccadilly Cafeterias Inc.** Baton Rouge, La.	225**	195.6	15
84	81	**New York City Board of Education** Long Island City, N.Y.	222.7†	214.3†**	3.9
85	79	**U.S. Navy Officer's and Enlisted Mess System** Washington, D.C.	222.4†	218.5†	1.8
86	82	**The Seiler Corp.** Waltham, Mass.	220.2*	211.7†	4
87	102	**Bob Evans Farms Inc.** Columbus, Ohio	220	170**	29.4
88	87	**Waffle House Inc.** Norcross, Ga.	219.5*	196.2*	11.9
89	138	**Bally Manufacturing Corp.** Chicago, Ill.	217.4*	114*	90.7
90	88	**Luby's Cafeterias Inc.** San Antonio, Texas	215.1	196	9.7
91	80	**U.S, Marine Corps** Washington, D.C.	206.6†	214.9†	−3.9
92	95	**Custom Mgmt. Corp.** Kingston, Pa.	202.6	184.9**	9.6
93	97	**Shoney's South Inc.** Memphis, Tenn.	200	179	11.7
94	104	**Restaurant Associates Industries Inc.** New York, N.Y.	197.5*	165.8	19.1
95	78	**Shakey's Inc.** Irving, Texas	196.9	220*	−10.5
96	91	**Wyatt Cafeterias Inc.** Dallas, Texas	195	192.5	1.3
97	83	**Frisch's Restaurants Inc.** Cincinnati, Ohio	187.6	205.8	−8.8
98	105	**Chick-fil-A Inc.** Atlanta, Ga.	181.4	161.5	12.3
99	103	**Specialty Restaurants Corp.** Long Beach, Calif.	181.1*	169.5*	6.8
100	146	**Chili's Inc.** Dallas, Texas	176	105**	67.6

**R&I* estimate **company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

Number of units '86	'85	% of change	Organization highlights
236	1,801	−86.9	(Health care) Contract purchaser for health care and senior feeding programs added 236 serving locations in '86. Plans are to continue penetration in Northeast, opening about 250 units in '87.
371*	357	3.9	(Foodservice mgmt.) The "400" bids farewell to Szabo, purchased by ARA in 12/86. Szabo operations—including prison market and B&I accounts—should do well at their new home.
239	231*R	3.5	(Diverse foodservice/lodging) Stouffer Restaurants div. plans to expand carryout and zero in on over-50 group. Opened hotels in Denver and L.A.; 2 more slated for Nashville and Baltimore.
316	329**	−4	(Diverse foodservice/lodging) Restructuring retired $140MM in debt, sending Brock into the black. ShowBiz and Chuck E. Cheese rebounded; expect sales growth from $104MM to $125MM in '87.
633	488	29.7	(Foodservice mgmt.) Construction of $400K test kitchen and commissary and consolidation of 3 building sites into 1 facility headline co.'s '86-'87 changes. PC: Hawley Group, Roseland, N.J.
365	347	5.2	(Franchisor) Reports a substantial hike in customer counts, but co. will not disclose percentages. Expansion plans call for 50 units to open this year, primarily in the Southeast and Southwest.
194	204	−4.9	(Franchisor) Reorganized and expanded supervision of field operations. Co. opened 1 unit in 1986, and plans expansion into Northeast. Co. operates Orange Roofs in Canada.
111	100	11	(Full service) Customer counts down slightly due to units operating in Oil Belt. However, co. is in anything but in a pickle. Profitability up. New units under development in Calif. Fy end 6/87.
1,200	1,170	2.6	(Schools) Marketing campaigns in '87 directed toward high school students, expanding summer program and supper service. 24 new serving locations opened in '86. Fy end 6/87.
256	267	−4.1	(Military) Navy clubs operate under a decentralized system in which each club procures its own food, beverage and equipment items from local purveyors. Fy end 9/86.
540*	520	3.8	(Foodservice mgmt.) William Zammer is new pres. as of 2/87. Diverse co. restructured organization; Emphasis on marketing. Going after South and Midwest regions. Fy end 6/86.
175	150	16.7	(Full service) Another solid year of growth for the folks down on the farm. '87 calls for 23 new units, developing I-75 with 15 units from Mich. to Fla. and expanding into Pa. and Md. Fy end 4/87.
590	553	6.7	(Franchisor) Operators of Waffle House and Waffle & Steak are doing a brisk business, especially during the breakfast hours. The privately held co. operates units in 21 states. Fy end 5/87.
101*	210*	−51.9	(Diverse foodservice/lodging) Co.'s actions speak louder than words (of which we heard none). Closed Tomfoolery units, but acquired MGM Grand Hotels operations to boost sales.
94	88	6.8	(Full service) All 94 units company owned. Luby's will expand in the Southwest and plans to invest $25MM for capital expansion in '87. AUV $2.4MM. Average check $4.38. Fy end 8/86.
103	109	−5.5	(Military) Organization upgraded services with Mess Hall Facility Improvement Program. Designed to bring facilities into state-of-the-art shape; fast-food systems are included. Fy end 9/86.
417	389	7.2	(Foodservice mgmt.) Bought by Morrison Inc. 3/87. Expansion plans call for movement West and increased penetration of long-term care market. New San Francisco office and mgmt. programs.
241	212	13.7	(Diversified franchisee) Shoney's South goes Midwest: 154-unit Shoney's franchisee will grow in Ill., Ind. To add 22 Shoney's in '87, 12 Capt. Ds. Still has 9 Hungry Fisherman, 8 Danvers.
97*	87	11.5	(Diverse restaurants) Happy birthday Charlie Brown's! 25-unit chain turned 20. In '86, RA acquired 10-unit Calif. Casa Vallarta (to convert to Acapulcos), and 6-unit The Office Restaurants.
395	400	−1.3	(Franchisor) Introduced new pizza buffet concept 2/87. Co. reported units with buffet do best. AUVs at $548K in '86, up 15% over '85. Very aggressive franchising planned. Fy end 9/86.
120	122	−1.6	(Full service) Wyatt shoots straight from the hip. Co. continues slow, steady growth. Southwest is primary area of expansion. AUV $1.6MM. Average check $4.26. Plans for 5 units to open in '87.
206	232	−11.2	(Diversified franchisee) Sales are down for this Big Boy franchisee with fewer franchises than last year: 104 Big Boys, 24 Roy Rogers and 3 Prime 'n Wine. Fy end 5/86.
345	319	8.2	(Fast food) Chicken chain is developing free-standing units and a new coffee-shop concept in '87 in effort to snag business traffic and families, a move away from existing fast-food outlets in malls.
68*	68	0	(Diverse restaurants) The owners of The 94th Aero Squadron shot down our attempts to find out what is new with the co. that restructured in '85 and operates multi-theme and banquet facilities.
102	65	56.9	(Franchisor) Hot items: Acquired joint-venture partner, Sunstate Restaurant Corp. Opened 37 Chili's in '86, will open 35 more in '87. Testing new efficient prototype building. Fy end 6/87.

400: RANKINGS

A & W Restaurants, Inc.

Club Corp. of America tightens belt while bucking Southwest economy . . . Mr. Gatti looks for deliverance with delivery-only units . . . Harry M. Stevens wins ball game at World Series and Super Bowl . . . Omni "presence" to double in size in three years . . . Winners survives Wendy's losing streak . . . A&W increases speed limit on sales via drive-thru/walk-up only units . . . Brown Derby doffs hat to open-display kitchens . . . Western Steer riding herd on menu expansion . . . Harman Management christens new H. Salt units, deep-sixes others.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
101	100	**F.W. Woolworth Co.** New York, N.Y.	175*	175*	0
102	101	**The Krystal Co.** Chattanooga, Tenn.	174	170	2.4
103	98	**Western Steer-Mom'n'Pop's Inc.** Claremont, N.C.	171	178.1	−4
104	143	**Trusthouse Forte Hotels Inc.** El Cajon, Calif.	170	110[C]	54.5
105	108	**Harry M. Stevens Inc.** New York, N.Y.	168	150	12
106	118	**Los Angeles Unified School District** Los Angeles, Calif.	165.5†	138.5†*	19.5
107	106	**DeNovo Corp.** Utica, Mich.	161*	161	0
108	85	**Mister Donut of America** Minneapolis, Minn.	160.8	138.7[R]	15.9
109	130	**California Dept. of Corrections** Sacramento, Calif.	155.9†	119†**	31
110	122	**Winners Corp.** Brentwood, Tenn.	152.4	133.5*	14.2
111	125	**Omni Hotels Corp.** Hampton, N.H.	150.4	126.8	18.6
112	107	**A&W Restaurants Inc.** Dearborn, Mich.	150	156	−3.8
113	112	**Brown Derby Inc.** Cleveland, Ohio	148	145	2.1
114	115	**Orange Julius Intl.** New York, N.Y.	147	142	3.5
115	166	**Wom Ent. Inc.** Coral Gables, Fla.	147†	91.8†	60.1
116	123	**Baltimore Bureau of Purchases** Baltimore, Md.	145.6†	132.2†**	10.1
117	243	**Prime Motor Inns** Fairfield, N.J.	145*	52	178.8
118	126	**The Circle K Corp.** Phoenix, Ariz.	144.9*	125**	15.9
119	—	**City of New York, Dept. of Procurement** New York, N.Y.	143.1†	—	—
120	124	**Club Corp. of America** Dallas, Texas	140	128	9.4
121	159	**Doctors Associates Inc.** Milford, Conn.	140	94	48.9
122	121	**Harman Mgmt. Co.** Los Altos, Calif.	140**	135**	3.7
123	—	**Hospital Purchasing Services** Middleville, Mich.	135.8†	—	—
124	117	**Mr. Gatti's Inc.** Austin, Texas	131.2	140	−6.3
125	133	**dāka** Wakefield, Mass.	128.9†*	116.4†	10.7

*R&I estimate **company est. †commercial equivalent (A) former data included non-foodservice sales (B) adjusted method in reporting figures (C) franchisees' sales est. (R) revised

Number of units		% of change	Organization highlights
'86	'85		
1,070**	1,100	−2.7	(Retail) Sales remain constant while number of units increase. On the drawing board—co. plans to venture further into the fast-food world with 19 Burger King's by end of '87. Fy end 1/87.
237	246	−3.7	(Fast food) A back-to-basics operations policy has generated 7 consecutive quarters of real sales gains. Expansion will gain momentum after new way of mgmt. "fixes" operations side.
185	202	−8.4	(Diverse restaurants) No building redesign mentioned. Western Steer is focusing attention on menu expansion. 5 new units opened in '86. About 10 going up in the Northeast U.S. this year.
440	235**	87.2	(Diverse foodservice/lodging) Worldwide network is 800 hotels strong, including TraveLodge. Plans to grow by buying, building. Thrust will be in 100-room range.
35	35	0	(Foodservice mgmt.) Co. credits '86 success to winning sports teams at HMS-account locations (including World-Series winning Mets, Super-Bowl champion N.Y. Giants).
572	576*	−0.7	(Schools) 2% increase in meals served in '86. New schools within existing district boundaries are planned to deal with increased enrollment. Several new menu items being tested. Fy end 6/87.
592	598	−1	(Franchisor) Has seen increased competition for its Tastee Freeze, Dog 'N Suds, BK Root Beer System and Dairy Isle units, but keeps customer counts up with discounting and its ads.
622	572ᴿ	8.7	(Franchisor) Formerly listed as International Multifoods, during 1986 this co. restructured and is now focusing corporate energy on U.S. and Canadian franchising of its fast-food operations.
76	49	55.1	(Government institutions) The largest corrections feeding program in the U.S. in terms of purchases and people served 62,000 inmates, plans to expand in '87. 4 new programs opened in '86.
229	234	−2.1	(Diversified franchisee) Winners units up 3.2%, Wendy's down 9.4% in '86. Reorganization into 2 operating groups planned. Plans to change marketing focus to more regional approach.
92	125	−26.4	(Lodging) Name change from Omni Dunfey to Omni Hotels Corp. Bistro concept, including retail, was adopted for all full-service F&B outlets. Co. plans to double in size during next 3 years.
550	598	−8	(Franchisor) Plans for a 3,600-sq.-ft. prototype restaurant and 900-sq.-ft. drive-thru/walk-up only units hold potential for increased sales. Opened 17 units in '86, 20 slated for '87.
55	54	1.9	(Franchisor) Opened 2 units in '86 and plans to expand more into Midwest, South and Southwest. Family restaurant remains popular and will implement open-display kitchens. Fy end 5/87.
770	739	4.2	(Franchisor) May sell Retail Foodservice Div. of O.J. of America and Canada to Dairy Queen Intl. July shareholders meeting will decide. Hawthorne Melody Div. was sold to mgmt. of dairy div., OJI.
44	42ᴿ	4.8	(Foodservice mgmt.) With $5MM targeted for capital expansion, Wometco plans to increase the number of manual feeding sites at several industrial locations. Customer counts up 9%.
130	135	−3.7	(Government institutions) Purchasing department of Baltimore finally became computerized. City installed $90,000 system that will assist foodservice purchasing by eliminating paperwork.
271*	57	375.4	(Lodging) Gross sales of $400MM expected for '87. Prime transferred recently acquired HoJo restaurants to franchisee group. Sandalwood restaurant concept expected to do great things.
3,500	3,160	10.8	(Retail) Circle K announced Pizza Inn licensing agreement. Also, co. introduced program with Dunkin' Donuts. Plans for program to be in about 100 stores by end of fiscal. Fy end 5/87.
40	—	—	(Government institutions) Primary function, buying for area hospitals, Dept. of Corrections, Housing Authority and Dept. of Human Resources facilitated by computers. Fy end 6/87.
206	160	28.8	(Foodservice mgmt.) Bulk of co. revenues come from Southwest states; depressed economic climate there has led to significant belt-tightening at CCA headquarters. 6 to 8 new clubs planned.
987	596	65.6	(Franchising) Subway sandwich specialist plans on doubling number of units in '87. Baking bread in-house has had direct effect on increasing sales. Adding Australia to intl. location list.
223	225	−0.9	(Franchisee) Company plans to add 7 to 8 Kentucky Fried Chicken units in '87, continue remodeling program. Opened new H. Salt Fish & Chips units, closed others with net result the same as '86.
516	—	—	(Health care) Co. does group purchasing for member units, which include 280 hospital-mental health facilities, 125 nursing homes, 70 schools, 31 nutritional feeding units. Fy end 6/86.
335	301	11.3	(Franchisor) Sales dropped in '86 but remodeling and development of delivery-only units holds promise. Co. plans to expand into Southeast. PC: LDBrinkman Corp. Fy end 7/86.
311	292	6.5	(Foodservice mgmt.) Co. acquired 60-unit Dining Mgmt. Services, Randolph, Mass., and Avon, Conn.-based Food Industry Associates in Fall '86. Plans call for accelerated annual growth. 15%.

400: RANKINGS

Mr. Steak, Kettle Restaurants and Ryan's Family Steakhouses are beefing up their industry profiles with new units, new concepts . . . Northwest Orient flies high through the deregulation storm . . . El Chico and Del Taco square off for a market-share showdown in the southwest . . . Burger franchisees Carrols and J.B.'s have trimmed the fat to run leaner and meaner.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
126	109	**Hyatt Intl. Corp.** Chicago, Ill.	127	121.4^{R}	4.6
127	136	**Food Dimensions Inc.** San Francisco, Calif.	126†	114.8†	9.8
128	129	**State of Oklahoma Central Purchasing** Oklahoma City, Okla.	126†	119†	5.9
129	163	**Unicare Health Facilities Inc.** Milwaukee, Wis.	126†	92.4†	36.4
130	120	**Navy Resale and Services Support Office** Staten Island, N.Y.	125.5†	136.4†	−8
131	135	**Red Lion Inns** Vancouver, Wash.	125	115	8.7
132	132	**Galardi Group** Newport Beach, Calif.	123.5	118	4.7
133	127	**Walgreens Food Div.** Deerfield, Ill.	121.1	122.3	−1
134	128	**Carrols Corp.** Syracuse, N.Y.	120.1	119.5*	0.5
135	134	**Ken's Restaurant Systems** Tulsa, Okla.	120	115	4.3
136	139	**Caesar's World Inc.** Los Angeles, Calif.	119	112	6.3
137	142	**Braum Ice Cream & Dairy Stores Co.** Oklahoma City, Okla.	118.8*	110**	8
138	151	**Fuddruckers Inc.** San Antonio, Texas	118.4	101.5	16.7
139	145	**Kettle Restaurants Inc.** Houston, Texas	114.8	109.3	5
140	162	**El Chico Corp.** Dallas, Texas	112.6	92.7	21.5
141	323	**New Jersey Dept. of Human Services, Food Ind.** Trenton, N.J.	112.6†	38.3†	194
142	148	**Northwest Orient Airlines Inc.** St. Paul, Minn.	112†	104.9†	6.8
143	113	**Mr. Steak Inc.** Denver, Colo.	111.1	145**	−23.4
144	149	**Brown's Chicken** Oak Brook, Ill.	108.1*	103.2*	4.7
145	156	**J.B.'s Restaurants Inc.** Salt Lake City, Utah	107.2	96	11.7
146	152	**The Wood Co.** Allentown, Pa.	106.8	101.1†**	5.6
147	233	**Ryan's Family Steak Houses Inc.** Greenville, S.C.	105	55	90.9
148	147	**Del Taco Inc.** Costa Mesa, Calif.	105**	105**	0
149	186	**Papa Gino's of America Inc.** Dedham, Mass.	104.1	77	35.2
150	150	**Veterans Canteen Service** Washington, D.C.	104†	101.7†	2.3

*R&I estimate. **company est., †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est., (R) revised

Number of units		% of change	Organization highlights
'86	'85		
180**	170R	5.9	(Lodging) Hyatt sees time as right for upscale resort development. Chain-run restaurants such as T.J. Peppercorns are getting the boot; instead, foodservice is customized to local markets.
95	103	−7.8	(Foodservice mgmt.) Provider of meals and environmental services to hospitals and retirement residences acquired by Sodexho, a French-owned intl. foodservice mgmt. co., in '86.
48	45	6.7	(Government institutions) Still in throes of financial woes with 15% cutback for all institutions in state. Foodservice purchasing looking at ways to cut costs while still serving quality meals.
600	342	75.4	(Health care) UHF had a very good year with the addition of 258 units under their care in company-owned or company-managed capacities. Computer controls in place.
538	537	0.2	(Retail) The NRSSO recognizes the popularity of fast-food chains on base and makes sure that direct operations are different so as not to compete. Fy end 1/87.
73	73**	0	(Lodging) King of feasts: Red Lion's fine-dining Maxi's and Misty's in 52 hotels in 8 western states. Opened 3 sites in '86, will open 2 more in '87—Costa Mesa and Sonoma, Calif.
331	356	−7	(Franchisor) Formerly Wienerschnitzel Intl. Inc., operator of WI, Weldon's and The Original Hamburger Stand saw increased sales in '86. Double drive-thru setups are coming. Fy end 6/87.
151	179	−15.6	(Diverse restaurants) Operating Wags free-standing restaurants, co. closed 28 units in '86 accounting for loss of sales. Plans to open 12 units in '87, expanding in Chicago and Fla. areas.
138	135*	2.2	(Franchisee) Burger King franchisee went private in a leverage buyout effective 12/86. Gyro-Wrap was sold to Shipfeifer Corp. 15 units opened in '86, 5 more to open in '87.
279	261	6.9	(Franchisor) Aquisition of 50 units from a franchisee in Dec. '86 proves fruitful for this purveyor of pizza. Co. will move operations into the Southwest. $8MM to $10MM ad budget under way.
34	31	9.7	(Lodging) Resort-casinos in Las Vegas, Nev., Atlantic City, N.J., Tahoe and the Poconos all scored well. Bacchanal in Atlantic City was reincarnated as a gourmet Chinese restaurant.
180*	174	3.4	(Full service) Individually owned, privately held co. prizes secrecy above all else. Keeps tight-lipped about all aspects of business from last year's sales to number of units opened.
105	102	2.9	(Franchisor) Co. set 3 goals for '87: Continue to produce high-quality food, respond to customers' needs and restore financial health. Co. has pinned hopes on a new, still-limited menu.
195	191	2.1	(Franchisor) Despite a 2% decrease in customer counts in '86, these family restaurants are doing well. 13 units were opened and 26 more are due in '87. Fy end 10/86.
102	100	2	(Franchisor) Destination: Southeast and Southwest for future expansion. 11 new units (5 company-owned) will debut in '87. TV advertising campaign focused on chain owners, the Cuellar family.
18	18	0	(Government institutions) Major project is continued implementation of cook-chill operation begun last year with ultimate intention of regionalizing the system throughout the entire state.
3	4	−25	(Transportation) Northwest's Anchorage catering kitchen went to Marriott in 1/86 deal; co. continues operations in Detroit, Seattle, Tokyo. Completed Republic Airlines acquisition 8/86.
175	194	−9.8	(Franchisor) All attention focused on Mr. Steak's Grill, the co.'s new concept opened in April in suburban Detroit. 40% of the menu items are new and interior is brighter.
158	158	0	(Franchisor) Oak Brook, Ill.-based chain is hot on promotions. Catering capabilities linked to football season and Super Bowl Sunday. Radio ad tie-in with Chicago Bears broadcasts.
121	135	−10.4	(Diversified franchisee) Sales increased as this Big Boy franchisee reorganized mgmt. and adopted a plan to sell approximately 10% of units that were underperforming investments. Fy end 9/30.
140	160	−12.5	(Diversified foodservice/mgmt.) Formed a hospitality group to keep closer tabs on operations in '86. Launched customer-service program, "We Want Happy Customers."
70	53	32.1	(Full service) More units, bigger, is Ryan's plan as co. expands seating and moves into Midwest markets. Opened 14 company-owned units, 3 franchises in '86.
186	180	3.3	(Franchisor) Competition for market share in Calif. has intensified, calling for more advertising, new product promos, maybe some discounting. Big effort on systemwide remodeling program.
180	165	9.1	(Full service) Patriots love pizza and co. is looking to expand into New England states. Plans to add 15 units are in the works and with AUVs at $629K, the future looks bright. Fy end 9/86.
175	175	0	(Health care) Reorganization under way and should be complete by fall '87. Field offices will be moved to HQ. 6 units remodeled. Fy end 10/86.

400: RANKINGS

Skippers

National Pizza cuts big slice of pie in the sky with $33MM sales hike . . . Taco John's spicing up growth plans . . . Pioneer Chicken blazing trails in the Far East . . . W.B. Johnson, Ritz-Carlton settle licensing fee contretemps out of court . . . Guest Services posts welcomed 20% sales boost . . . Rodeway scuttles so-so performers . . . Chicago schools put microbiological testing under microscope . . . International Blimpie goes high brow, changes name to Astor Restaurant Group . . . Roma Corp. boning up on rib takeout, home delivery.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
151	213	**Guest Services Inc.** Fairfax, Va.	100	63†	58.7
152	154	**Taco John's Intl.** Cheyenne, Wyo.	100	100	0
153	177	**Roma Corp.** Dallas, Texas	100**	80	25
154	165	**Illinois Dept. of Central Mgmt. Services** Springfield, Ill.	99.8†	92.1†**	8.4
155	131	**Adventist Health System** Shawnee Mission, Kan.	99†	118.7†A	−16.6
156	119	**Rodeway Inns Intl. Inc.** Dallas, Texas	99*	138.3	−28.4
157	167	**Pioneer Take Out Corp.** Los Angeles, Calif.	98	91.4	7.2
158	140	**Chicago Public Schools** Chicago, Ill.	97.1†	110.5†**	−12.1
159	116	**Commonwealth of Virginia** Richmond, Va.	97†	140.6†	−31
160	155	**Druther's Intl. Inc.** Louisville, Ky.	96.9	96.2	1
161	214	**National Pizza Co.** Pittsburg, Kan.	96**	63	52.4
162	164	**AIRCOA** Englewood, Colo.	95.2*	92.4*	3
163	157	**The Continental Cos.** Miami, Fla.	94.5	95	−0.5
164	173	**Skipper's Inc.** Bellevue, Wash.	94	85	10.6
165	208	**Astor Restaurant Group Inc.** New York, N.Y.	94**	65	44.6
166	—	**THF-Eastern** Norwalk, Conn.	93.8†	—	—
167	187	**RPM Pizza Inc.** Gulfport, Miss.	93.5	77	21.4
168	171	**International King's Table Inc.** Eugene, Ore.	93	85.8**	8.4
169	193	**The Registry Hotel Corp.** Dallas, Texas	92.6	73.4	26.2
170	169	**W.B. Johnson Properties Inc.** Atlanta, Ga.	91.8*	90*	2
171	137	**Metropolitan Chicago Healthcare Council** Chicago, Ill.	91†	114.8†**	−20.7
172	327	**California Dept. of Rehabilitation, Bus. Ent. Program** Sacramento, Calif.	90.9†	37.8	140.5
173	189	**Consolidated Products Inc.** Indianapolis, Ind.	90.7	76.5	18.6
174	174	**Lyon's Restaurants Inc.** Foster City, Calif.	90.1	84.3	6.9
175	168	**RTM Inc.** Tucker, Ga.	90	90	0

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est.; (R) revised

Number of units '86	'85	% of change	Organization highlights
122	94	29.8	(Diverse foodservice/mgmt.) '86 was co.'s biggest sales year ever: 20% growth overall! The Smithsonian was the big new account in '86, and more museums are coming.
403	402	0.2	(Franchisor) TJI injecting more spice into hot growth plans. Closed 22 marginal performers. 60 new sites targeted. New look planned for existing units. Will expand in Northwest, Fla. regions.
75	47	59.6	(Franchisor) Jumped from 47 to 75 units and increased sales $20MM, too. Roma's attributes its significant unit sales increases to being the "only major" ribs chain. Tested takeout, delivery.
86	86	0	(Government institutions) Plans call for greater automation of total operation and the opening of 2 to 4 new correctional facilities, which are largest component of state's foodservice operation.
118	82	43.9	(Health care) Co. with foodservice focus developed a national food purchasing advisory committee in '85. Plans to develop a national food purchasing program in '87.
152	223	−31.8	(Lodging) Rodeway has shed 34 substandard properties since PC Ladbroke took over in '85, is renovating many others. Total rooms surpassed 19,000, with addition of 44 hotels in '86.
290	277	4.7	(Franchisor) Fast-food chicken chain still concentrating on expansion in Far East and Atlantic states. Plans on opening new units in '87. Co. is wholly owned subsidiary of Transpacific Industries.
591	586	0.9	(Schools) '87 plans include an expansion of test kitchen facilities to include microbiological testing and addition of a bakery. 3% increase in meals served in '86. Fy end 6/87.
83	60[B]	38.3	(Government institutions) Central purchasing agency hired a food technologist to develop definitive specifications for food purchases. Fy end 6/87.
155	163	−4.9	(Franchisor) Plans no geographic expansion outside Ky. and Southeast; will add 6 units this year. New ad agency is Doe-Anderson, Louisville; new theme "No Place Else Feels Like Druthers."
245	155	58.1	(Franchisee) Pizza Hut's largest franchisee is making the PC very happy with a $33MM increase in sales. Co. is accelerating development of delivery-only units. Fy end 3/87.
102*	100	2	(Diverse foodservice/lodging) Joint venture with Quality Inns strengthened AIRCOA's hand in upscale lodging, while PC doubled assets with purchase of Dallas-based Motor Hotel Mgmt.
43*	36	19.4	(Diversified franchisee) Steady growth continued, with the addition of 4 Hampton Inns, 3 Sheratons. Balance, diversity of holdings has earned co. the title "a mgmt. co.'s mgmt. co."
206	197	4.6	(Franchisor) New remodeling program combined with smaller, lower investment land-building package. Planning 15 to 20 new units in '87 and value-oriented promotions.
265	220	20.5	(Franchisor) Name change for Intl. Blimpie Corp. Acquisition of 2 Amsterdams sets the pace for rapid expansion. Co. plans to franchise 80 Blimpies in '87. Scoping new territories across U.S.
280	—	—	(Foodservice mgmt.) Newcomer enters "400" on strength of buying Blaikie, Miller & Hines and Eastern Foods. Does majority of business at 198 B&I accounts. PC: Trusthouse Forte PLC.
197	185	6.5	(Franchisee) This Domino's franchisee is seeing continued prosperity with the addition of 23 units in '86. Plans are in the works to expand into Miss., La., Mich. and Canada.
81	80	1.3	(Franchisor) Co. is in largest expansion mode ever. Plans are to develop many new restaurants. 8 restaurants will open by late summer. Primary growth area: Southern Calif.
61	46	32.6	(Lodging) More efficient systems, including higher staff-training standards, accompanied Registry's brisk expansion. HQ execs travel constantly to make sure individual hotels toe the line.
129	87*	48.3	(Diversified franchisee) Targeting the traveling aristocrat, co. sells service, not rooms; sees formal resort in its future. Squabble with Ritz-Carlton about licensing fee settled out of court.
102	99	3	(Health care) Formerly Chicago Hospital Council, name was changed to reflect changing nature of health care. Volume purchasing begun, using formula to figure dollar volume per patient day.
275	280	−1.8	(Government institutions) Plans to continue promotion activity and remodeling of units at rate of 5 a year; Units are run by semi-autonomous, legally blind managers.
107	126	−15.1	(Franchisor) Very good year for operators of Steak n Shake and Consolidated Specialty restaurants. Long-term objective: to increase unit no. by 10% a year beginning '89. Fy end 9/86.
61	60	1.7	(Full service) Latest line from Lyon's: "Very optimistic for '87"—new uniforms, menu design at this 24-hour family restaurant. 5 new units in '86; 6 in '87. PC: Sara Lee Corp. Fy end 6/87.
143	137	4.4	(Franchisee) Arby's operator added only 5 units last year, but 19 more are planned for '87, through new construction and buying out other franchisees. Greatest interest is in Sun Belt and Midwest.

400: RANKINGS

Trans/Pacific
Restaurants, Inc.

K-Bob's Steak Houses now has 95 franchises in its corral and hopes to round up 20 more in the coming year . . . Humana's fiscal fitness took a turn for the worse with a critical drop in earnings . . . Benihana's catches a wave with the Big Splash concept . . . Red Robin bobs along after top-level shakeup . . . Trans/Pacific Restaurants stays on track following leveraged buyout.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
176	175	**Fosters Freeze Intl.** Arroyo Grande, Calif.	89	83	7.2
177	179	**Trans/Pacific Restaurants Inc.** Irvine, Calif.	86.2	80**	7.7
178	172	**Loews Hotels** New York, N.Y.	85.6	85.1	0.6
179	351	**Doubletree Inc.** Phoenix, Ariz.	85	35	142.9
180	205	**Servico Mgmt. Corp.** West Palm Beach, Fla.	85	67	26.9
181	201	**Days Inns of America Inc.** Atlanta, Ga.	83.2*	69*	20.6
182	161	**Professional Food-Service Mgmt. Inc.** Northbrook, Ill.	82.8†*	93.8†*	−11.7
183	183	**TrettCo Inc.** Farmington Hills, Mich.	82.5†	78.1†	5.6
184	176	**Associated Hosts Inc.** Beverly Hills, Calif.	81.5	81.5[A]	0
185	224	**Sbarro Licensing Corp.** Melville, N.Y.	81.3*[C]	58.1*	39.9
186	239	**Red Robin Intl.** Seattle, Wash.	81	53.6	51.1
187	153	**Swensen's Ice Cream Co.** Phoenix, Ariz.	80**	100.2	−20.2
188	191	**Unigate Restaurants Inc.** Dallas, Texas	79.8	74	7.8
189	192	**HRI-Purchase Connection** Los Angeles, Calif.	78.4†	73.9†**	6.1
190	180	**Humana Inc.** Louisville, Ky.	78.2†*	80†*	−2.3
191	196	**K-Bob's Steak Houses Inc.** Dallas, Texas	77	70.6*	9.1
192	365	**The Mariner Corp.** Houston, Texas	75.4	33	128.5
193	194	**Benihana of Tokyo Inc.** Miami, Fla.	75	72	4.2
194	190	**Elby's Restaurants Inc.** Wheeling, W.Va.	75	75.4	−0.5
195	370	**MHM Inc.** Dallas, Texas	75	32.4	131.5
196	181	**The Marcus Corp.** Milwaukee, Wis.	74.7	79.5	−6
197	170	**Consul Restaurant Corp.** Minneapolis, Minn.	74**	86.9**	−14.8
198	160	**State of Missouri Div. of Purchasing** Jefferson City, Mo.	74†**	93.8†**	−21.1
199	182	**Service Master Co., Food Mgmt. Div.** Minneapolis, Minn.	73.3†	59.9†[R]	22.4
200	207	**U.S. Dept. of Justice, Federal Prison System** Washington, D.C.	72.8†	66†	10.3

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est.; (R) revised

RESTAURANTS & INSTITUTIONS

	Number of units '86	Number of units '85	% of change	Organization highlights
	210	201	4.5	(Franchisor) Big changes for '86 were the opening of 13 full-service restaurants and a public stock offering made within the state of Calif. Planning to stake claim on Ariz. market this year.
	53	53	0	(Diverse restaurants) After going through multimillion-dollar LBO, TPR will look for continued success from Customer Service Audit Program and Hourly Employee Training Program.
	74	78	−5.1	(Lodging) Slated for '87 completion is $15MM renovation of New York's Regency. New Denver hotel combines Italian antiques with *cucina Italiana*. 10th birthday of Regency's Power Breakfast.
	20	18	11.1	(Lodging) Became subsidiary of Metropolitan Life Insurance Co. in 12/86, completing an acquisition project that began in '81. PC says it is committed to taking Doubletree nationwide.
	55	55	0	(Diversified franchisee) It's business as usual at Servico, which manages hotels for Holiday Inn, Sheraton as well as its own Royce units. Co. plans to continue growth in U.S. and Canada.
	359*	264*	36	(Diverse foodservice/lodging) Claiming to be fastest grower in moderate-price lodging segment, Days posted pre-tax earnings of $25MM for '86, while trying to squelch rumors of buyout.
	105	119*	−11.8	(Foodservice mgmt.) Big news for this college and university feeder last year was acquisition of 8 public restaurants in Texas, with goal of finding concepts that will work on college campuses.
	110	105	4.8	(Foodservice mgmt.) Co. implemented and expanded "guest services" programs geared toward upgrading client foodservice in acute-care facilities. Fy end 1/87.
	54	76	−28.9	(Diverse restaurants) Co. hosts a number of patrons at its 3 restaurant concepts: Bombay Bicycle Club, Smugglers Inn and Julie's Place. 17 restaurants were closed in '86.
	190	136	39.7	(Franchisor) Co. reorganized by regionalizing operations into 6 areas and hired regional managers for each. One free-standing unit is up in Puerto Rico; 53 traditional units added in U.S. in '86.
	47	36	30.6	(Franchisor) Co. cleaned house, named a number of new key execs (including Pres. Joe Ide) and opened 13 units in 14 months! Same-unit sales are up 10% over 85; co. profits up over 10%.
	350	382	−8.4	(Franchisor) Continued expansion with 18 U.S. and 16 intl. units this year. Remains close-lipped about where they will crop up next although 20 new units are planned for '87.
	118	107	10.3	(Diverse restaurants) Taco Bueno's biggest growth came in '84-'85. Last year, added 13. Plan same in '87. Co. plans to double size in 5 years. 4 Casa Bonitas did $15MM. 7 Crystal's, $9.6MM.
	162	160	1.3	(Health care) Formerly known as the Council Shared Services, co. does group purchasing for acute-care and extended-care facilities, and feeding the elderly programs. Fy end 3/87.
	87	87^{R}	0	(Health care) Although corp. sales remained fairly stable, earnings dropped 75%. Humana cites changes in health-care delivery for decrease. Bed counts down to 17,662 in '86 vs. 17,702 in '85.
	96	103*	−6.8	(Franchisor) Franchising still the focus, with 95 franchised units, 1 company owned, by year-end '86. K-Bob's hopes to franchise 20 more units in '87, expanding into Ariz., Colo. and Utah.
	104	30	246.7	(Diversified franchisee) An aggressive mgmt. contract program accounts for a huge increase in sales. Operations in 26 hotels, including Marriott and Hilton, and 4 more hotels to be added in '87.
	46	44	4.5	(Full service) C'mon in, water's fine: 1 more Big Splash opens in '87, part of (public) Benihana National Corp. with 17 steakhouses. Benihana of Tokyo, (privately held) has 21. Fy end 3/87.
	74	72	2.8	(Diverse restaurants) No major expansion is planned; added 2 units in '86, just 1 slated for '87. 10 units accounted for about $12MM in sales. The other 64 doing business as usual. Fy end 4/87.
	60	44**	36.4	(Diverse foodservice/lodging) A co. that more than meets its promise. Said it would acquire at least 7 units in '86—added 16. Looks to add 20 units nationwide during '87. We believe.
	116	113	2.7	(Diversified franchisee) Plans for Big Boy and KFC Heritage units to open in Wis. in '87. Disruption caused by renovation of Sheraton in '86 caused decrease in customer count.
	38	48	−20.8	(Franchisee) Chi-Chi's franchisee moves out of Texas and the West Coast. Opened 16 units in Canada. 1 Chi Chi's El Pronto, located in a food court, offers a limited menu. Fy end 5/87.
	31	30	3.3	(Government institutions) Major goal for '87 is complete rewriting of meat specifications. No new facilities this year although a new correctional facility is on drawing board.
	105	84	25	(Foodservice mgmt.) Co. doubled number of units to over 200 with the 12/86 acquisition of American Food Mgmt. Co. The acquisition adds educational facility foodservice to operations.
	47	45	4.4	(Government institutions) Food costs now average $2.29 per inmate, per day, say Justice Dept. spokespersons. Training program for expansion into special medical diets in the works for '87.

INTENTIONAL
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400: RANKINGS

Rank in the 400		Organization	Foodservice volume in $ millions		% of
'87	'86	Headquarters	'86	'85	change
201	199	**Princess Hotels Intl.** New York, N.Y.	72.8*	70	4
202	195	**Resorts Intl. Inc.** North Miami, Fla.	72*	72	0
203	—	**TCBY Ent. Inc.** Little Rock, Ark.	71	—	—
204	204	**The Happy Steak Inc.** Fresno, Calif.	70.9**	67.5**	5
205	203	**C.A. Muer Corp.** Detroit, Mich.	70	68**	2.9
206	274	**Dayton Hudson Dept. Store Co.** Minneapolis, Minn.	70	47.2	48.3
207	227	**Franchise Ent. Inc.** Rocky Mount, N.C.	70	57	22.8
208	198	**New York State Office of Mental Health** Albany, N.Y.	70†	70†	0
209	268	**Nutrition Mgmt. Services Co.** Kimberton, Pa.	70**	48	45.8
210	200	**Convenient Food Marts** Rosemont, Ill.	69.7**	69.7*	0
211	210	**Bill Knapp's Michigan Inc.** Battle Creek, Mich.	69.6*	64.9*	7.2
212	240	**Pizza Mgmt. Inc.** Del Rio, Texas	68.2	53.4**	27.7
213	232	**Cracker Barrel Old Country Store Inc.** Lebanon, Tenn.	68	55.8	21.9
214	290	**Interstate Hotels Corp.** Pittsburgh, Pa.	68	43.8	55.3
215	209	**Sonny's Real Pit Bar-B-Q Inc.** Gainesville, Fla.	68	65	4.6
216	206	**Calny Inc.** San Mateo, Calif.	67.8	67**	1.2
217	221	**Taco Time Intl. Inc.** Eugene, Ore.	67	60	11.7
218	211	**Summa Corp.** Las Vegas, Nev.	66.9*	64.3*	4
219	237	**McFaddin Ventures** Houston, Texas	66.7	54	23.5
220	215	**California State University Campuses** Long Beach, Calif.	66.2†**	63†**	5.1
221	261	**North Central Food Systems Inc.** Minneapolis, Minn.	65	49	32.7
222	202	**American Medical Intl. Inc.** Beverly Hills, Calif.	64.2†*	68.2†*	−5.9
223	242	**The Jan Cos.** Cranston, R.I.	63.3	52.3*	21
224	273	**Original Great American Chocolate Chip Cookie Co.** Atlanta, Ga.	63.1*	47.4*	33.1
225	219	**May Dept. Stores** St. Louis, Mo.	62.7*	60.5*	3.6

TacoTime

Resorts International fending off takeovers . . . Ditto Calny as Taco Bell parent PepsiCo sounds the knell of parting ways . . . Taco Time heads for Big Ben country . . . Pizza Management hums "home sweet home" to delivery . . . Nutrition Management Services gets Freshie (Co.) . . . McFaddin paring down night-club activities . . . Franchise Enterprises' sales remain as hardy as Hardee's . . . New York State Mental Health Offices debuts new cook-chill facility.

*R&I estimate **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

	Number of units		% of change	Organization highlights
	'86	'85		
	34	52	−34.6	(Lodging) Opening of a Scottsdale, Ariz., hotel gives Princess a toehold in U.S. Royal Dine-a-Round Program lets Bermuda guests choose among 11 F&B outlets, not just main dining room.
	24*	24	0	(Diverse foodservice/lodging) Co. fended off takeover offers from Pratt and a Denver oilman. Meanwhile, founder James Crosby's estate agreed to sell controlling shares at $135 each.
	458	—	—	(Franchisor) Newcomer to the "400" opened 140 units in '85, 216 in '86, plans to reach 850 units by the end of '87. Current operations nationwide, Canada; looking at intl. expansion.
	102	102	0	(Franchisor) Don't let the number of units confuse you. Though Happy Steak stayed at 102 units, the company built 2 new divs.—Brook-Hill Restaurants and Brooks Ranch—by converting units.
	31	32	−3.1	(Diverse restaurants) Muer plans for '87 include 2 new units in Palm Beach, Fla., area, along with sale of 10 others. Co.'s '86 Lobstermania campaign won marketing excellence award.
	299	294	1.7	(Retail) Subsidiary Target Stores accounts for 50 units. Dayton Hudson is moving aggressively into foodservice with yogurt stores and grazing units. Fy end 1/87.
	95	70	35.7	(Franchisee) Ambitious Hardee's franchisee added 25 units last year; plans 30 more for '87. Concentrating growth efforts in Texas, La., Okla. with $21MM allotted for capital expansion.
	32	40	−20	(Government institutions) New cook-chill facility will enter design phase in '87 and will serve at least 5 facilities; similar facility planned for Queens. Also initiating computerized food ordering.
	161	50	222	(Foodservice mgmt.) A big buy: Co. acquired Freshie Co. with $25MM annual sales, and entered acute-care hospital market. 20 new units coming in '87. Fy end 6/87.
	1,306	1,214	7.6	(Retail) This Chicago-based co. was not too talkative this year. Co. did add 92 convenience stores to its portfolio, but sales figures remained flat.
	62*	60*	3.3	(Full service) Such a pleasant co. Every year it politely requests we not include them in our listing. Our estimates credit them with slow, steady progress. Units Midwest landmarks since '48.
	172	138	24.6	(Diversified franchisee) Texas-based franchisee of Pizza Hut and Taco Bell is moving into delivery. Will incorporate new Pizza Hut prototype into new and remodeled units. Fy end 7/86.
	47	45	4.4	(Full service) Offering country-style cooking and giftware, co. is now in 8 states. 3 units have opened in '87; 3 more are coming. New computer system feeds unit sales info to HQ daily. Fy end 8/86.
	87	12	625	(Diversified franchisee) Co. increased profitability through concept changes that reduced labor costs. Operates Marriott, Hilton, Sheraton, Radisson and independents. Will add 4 hotels in '87.
	79	66	19.7	(Franchisor) Working the barbecue pit is a fine art. To streamline training procedures Sonny's just completed a 52-min. training film. New smaller building design will enhance market penetration.
	158	128	23.4	(Diversified franchisee) Taco Bell operator fending off PepsiCo takeover threat. Credibility hurt by top mgmt. resignations, poor sales performance, La Petite Boulangerie's lawsuit.
	223	236	−5.5	(Franchisor) Family-owned chain pushing into England, eyeing Japanese potential. Future expansion planned for all states but pinning immediate growth on Calif. and Southeast, particularly Fla.
	48*	48*	0	(Lodging) Frontier, a Vegas operation with 5 restaurants, is changing the menu focus of its Branding Iron Steakhouse. When pressed for financial details, this gaming co. refused to deal.
	46	43	7	(Full service) Co. spent '86 paring down to its core nightclub business. The co. closed several clubs, abandoned its home-delivery food business. Plans to focus on nightclubs in '87.
	38	38	0	(Colleges) Campus foodservices experienced typical 5% increase in F&B purchase figures. Unit numbers stable—no increase over '85 figures and no additions planned for '87.
	65	60	8.3	(Franchisee) A Hardee's operator with units in 8 states, co. opened 5 stores in '86; 3 to come in '87. Will test express drive-thrus and inside play areas. Expansion plans: North Central U.S.
	122	133	−8.3	(Health care) After losing $95MM in revenues, organization has eliminated Group Health Insurance Div., Single Day Surgery Centers, Diagnostic and Inhalation Therapy Services.
	62	57*	8.8	(Diversified franchisee) Co. says its Burger Kings have $1MM AUVs, accounting for $60MM of revenues. Plans to triple size of 1-unit Acorn's concept by going into Eastern R.I. Fy end 9/86.
	406	225	80.4	(Franchisor) The name no longer says it all with addition of brownies, granola bars and new cookie flavors last year. Plans to continue growth at same level (about 50 units) and to go intl.
	375**	350	7.1	(Retail) Co. acquired Associated Dry Goods Corp. for $2,500MM. Included in deal were Lord & Taylor and L.S. Ayres. Venture foodservice and Famous-Barr restaurants show nominal growth.

400: RANKINGS

ED DEBEVIC'S
Short Orders/Deluxe

Magic Pan pulling new concepts out of the hat . . . Concept Development swings from franchisee to franchisor, ties knot with Pantera's . . . Lettuce Entertain You hits tip of the iceberg with 10 new management contracts . . . Del Webb tackles turmoil in the ranks . . . Unigate now shelling Prufrock's Black-eyed Pea . . . The odd couple wedding of the year: Beefsteak Charlie's and Bombay Palace at Lifestyle Restaurants.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
226	225	**Sybra Inc.** Dunwoody, Ga.	62	57.5**	7.8
227	—	**U.S. Restaurants Inc.** Norristown, Pa.	62**	—	—
228	216	**Universal Services Inc. Intl.** Seattle, Wash.	61	62.5	−2.4
229	230	**Buehler-Ruckriegel Inc.** Jasper, Ind.	60.3	56.8	6.2
230	245	**Famous Restaurants Inc.** Phoenix, Ariz.	60	51.5	16.5
231	217	**Magic Pan** San Francisco, Calif.	60	62	−3.2
232	—	**Pantera's Corp.** St. Louis, Mo.	60	—	—
233	260	**Rocky Rococo** Madison, Wis.	60	49.1	22.2
234	220	**Arthur Treacher's Inc.** Youngstown, Ohio	60**	60	0
235	276	**Lettuce Entertain You Ent. Inc.** Chicago, Ill.	60**	46	30.4
236	228	**State of Rhode Island Purchasing Div.** Providence, R.I.	59.9†**	57†**	5.1
237	238	**Rusty Pelican Restaurants Inc.** Irvine, Calif.	59.8	53.7	11.4
238	223	**North Carolina Dept. of Administration** Raleigh, N.C.	58.8†**	59.4†	−1
239	218	**Sea Galley Stores Inc.** Mountlake Terrace, Wash.	58.7	61	−3.8
240	277	**Mrs. Fields' Cookies** Park City, Utah	58.7*	45.5*	29
241	259	**Trefz Corp.** Bridgeport, Conn.	58.2*	49.8*	16.9
242	229	**Del E. Webb Hotels** Phoenix, Ariz.	58*	56.9	1.9
243	226	**Twenty-First Century Corp.** Englewood, N.J.	58*	57.5*	0.9
244	222	**U.S. Coast Guard** Washington, D.C.	56.8†**	59.6†	−4.7
245	231	**Helmsley Hotels** New York, N.Y.	56.5*	56.5*	0
246	241	**Eat'N Park Restaurants Inc.** Pittsburgh, Pa.	56	52.3	7.1
247	—	**Dept. of Public Welfare-Commonwealth of Pa.** Harrisburg, Pa.	56†**	—	—
248	272	**Prufrock Restaurants Inc.** Dallas, Texas	56*	47.5**	17.9
249	185	**Lifestyle Restaurants Inc.** New York, N.Y.	55.9	77	−27.4
250	279	**Forbco Mgmt. Corp.** Long Beach, Calif.	55	45.2	21.7

*R&I estimate; **company est.; †commercial equivalent; (A) former data included non-foodservice sales; (B) adjusted method in reporting figures; (C) franchisees' sales est.; (R) revised

Number of units '86	'85	% of change	Organization highlights
104	92	13	(Franchisee) Arby's franchisee expanding into Texas, Mich., Pa., Md. and elsewhere, implementing franchisor's new smaller free-standing building design. Sales hit record high in 12/86.
51	—	—	(Diversified franchisee) Co. looking to add 3 Burger Kings and 5 Ponderosas during '87. Big sales increases at remodeled Ponderosas. Co. looking to buy 5 Rib-It units. Fy end 6/87.
211	152	38.8	(Foodservice mgmt.) As oil prices fell, so did profits for this remote-camp and offshore-rig specialist. Diverse locations saved USII from further loss. Negotiating to take over bankrupt competitor.
112	119	−5.9	(Diversified franchisee) Big plan for '87 is to continue remodeling Jerry's and Wendy's units and to build 4 more Long John Silvers. May add another Paco's unit. Sold off Sisters units in '86.
38	42	−9.5	(Full service) Refinanced existing $7.6MM debt. Presto! A $1MM infusion for working capital plus $3MM revolving credit for expansion. Opened Border Bar & Grill, new concept in Atlanta.
64	58	10.3	(Full service) Out of the Magic Pan into the fire: Privately owned co. has Charles and Michael Patel heating up change. Plan 8 to 15 new units in '87, MPs and casual concepts.
120	—	93.5	(Franchisor) Pizza purveyor debuts in the "400," has an agreement in principle to buy Pizza Inn. Co. opened less than 10 units in '86; future expansion depends on merger. Fy end 6/87.
114	94	21.3	(Franchisor) Co. showed healthy increase in sales in '86. One successful avenue of growth: joint-venture operations with 11 outside-owned units under RR's mgmt. Fy end 3/87.
215**	213	0.9	(Franchisor) Refocusing attention on aggressive self-franchising again. Already added 6 units as of 4/87 with more expansion planned. Sales remained same for third straight year.
32	21	52.4	(Diverse restaurants) LEY's Italian concept Scoozi (Chicago) is hot. 10 mgmt. contracts include Jim McMahon's, Wrigley Bldg. and the private LaSalle Club. Continued expansion coming.
294**	309	−4.9	(Government institutions) Deinstitutionalization brought about the drop in no. of facilities (hospitals, prison, training schools and homes for disturbed children) the purchasing div. serves.
19	19	0	(Full service) Co. growing slow but steady, with new units open in Arlington Heights, Ill. (9/86) and Glendale, Calif. (2/87). Another to open in Northern Calif. in fall '87. Fy end 8/86.
25	26	−3.8	(Government institutions) Purchaser for all state institutions (prisons, mental-health facilities, and drug and alcohol rehabilitation centers). State depts. distribute food to individual facilities.
49	51	−3.9	(Full service) Plans to solidify distinct niche as high-value restaurant. Instead of unit expansion, priorities will switch to cosmetic and equipment upgrades. 7 fewer units are in operation.
285	225	26.7	(Fast food) Move to acquire La Petite Boulangerie from PepsiCo is first foodservice move beyond cookie stores. Has licensed Mrs. Fields' name for chocolate sodas.
43*	42	2.4	(Franchisee) Talk to us, Trefz: All we know about this successful McDonald's franchisee is that its profits parallel those of corporate, which had another good year.
22	14[B]	57.1	(Lodging) Turmoil in the exec suite, as Pres. Thomas Arnold left after just 11 months and Chairman Robert Swanson reassumed total control. Restaurant expansion completed in Nev. properties.
35	35	0	(Franchisee) After holding at 35 units, this McDonald's franchisee plans 2 new stores for '87—one in N.J., the other in NYC. No other changes planned, besides the usual unit face lifts.
398	388	2.6	(Military) Experienced a major change in training: 12 regional teams have been centralized into 2 east and west divs. The effects: saves money and training; is more uniform. Fy end 9/86.
66	66*	0	(Lodging) Leona and Harry, overseers of a vast lodging and real estate empire, coped with allegations that they tried to reduce corporate taxes by charging off private projects to business.
45	44	2.3	(Full service) Rollout of in-restaurant bakeries will continue. Enlarging and remodeling existing sites. AUVs at $1.2MM. Co. plans to acquire new units within 100 miles of Pittsburgh.
36	—	—	(Government institutions) DPW centralizes specs, procurements and bills for each facility, but facilities make own purchases. Dept. includes mental-health facilities, hospitals. Fy end 6/86.
48	48	0	(Diverse restaurants) Co. purchased in late '86 by Unigate of London. 4 units opened in '86 and 7 or 8 (including licensees) to come in '87. New chairman is Wallace A. Jones. New ads.
51	61	−16.4	(Diverse restaurants) New Lifestyle: Plans under way to merge with Bombay Palace Restaurants Inc. will mean new corp. life for the now all-Beefsteak Charlie's chain.
31	28	10.7	(Franchisee) Customer counts increased more than 12% for this Sizzler franchisee. Extensive remodels are planned for '87, along with expansion of 4 more units.

400: RANKINGS

University of Wisconsin sends convenience to college . . . Jack's Food Systems takes on the giants in fast food and family dining . . . The scheduled turnaround for Victoria Station has derailed . . . The Good Stuff now comes in smaller packages as Wendy's Food Systems squeezes construction costs of new units.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
251	397	**International Foodservice Co.** West Roxbury, Mass.	55	29.5	86.4
252	253	**AMTRAK** Washington, D.C.	55**	50	10
253	256	**Bobby McGee's USA Inc.** Phoenix, Ariz.	55**	50**	10
254	235	**Campbell Soup Co.** Cherry Hill, N.J.	54.3*	54.3	0
255	264	**New York City Health and Hospitals Corp.** New York, N.Y.	53.8†	48.4†	11.2
256	297	**Indiana Dept. of Administration; Procurement Div.** Indianapolis, Ind.	53.2†**	42†**	26.7
257	326	**Houston Independent School District** Houston, Texas	53†**	37.8†	40.2
258	234	**Dade County Schools** Miami, Fla.	52†	55†**	−5.5
259	252	**Wendy's Food Systems Inc.** Columbus, Ohio	52	50.1	3.8
260	252	**Jack's Food Systems Inc.** Birmingham, Ala.	52**	50	4
261	251	**McCrory Stores** York, Pa.	52**	50*	4
262	294	**Peter Piper Inc.** Phoenix, Ariz.	51.7	42	23.1
263	267	**Atlanta Family Restaurants Inc.** Atlanta, Ga.	51	48	6.3
264	310	**Seafood Broiler Restaurants** Lakewood, Calif.	51	40	27.5
265	188	**Victoria Station Inc.** Larkspur, Calif.	51*	77*	−33.8
266	249	**Pizza Hut of Titusville Inc.** Wichita, Kan.	50.6	50.6	0
267	263	**Health Care Services of New England** Braintree, Mass.	50.4†	48.4†	4.1
268	373	**University of Wisconsin System** Madison, Wis.	50.4†	32.2†	56.5
269	197	**State of Connecticut, Purchasing Dept.** Middletown, Conn.	50.4†**	70†	−28
270	250	**State of Wisconsin** Madison, Wis.	50.4†**	50.4†	0
271	246	**Carter Hawley Hale Stores Inc.** Los Angeles, Calif.	50	51.4	−2.7
272	312	**Concept Development Inc.** Omaha, Neb.	50**	39.5*	26.6
273	368	**Theo H. Davies & Co. Ltd.** Honolulu, Hawaii	50**	33	51.5
274	262	**Fairmont Hotel Co.** San Francisco, Calif.	50*	49	2
275	287	**Palm Mgmt. Co.** New York, N.Y.	49.5**	44.5	11.2

*R&I estimate, **company est., †commercial equivalent, (A) former data included non-foodservice sales, (B) adjusted method in reporting figures, (C) franchisees' sales est., (R) revised

Number of units '86	'85	% of change	Organization highlights
35	25	40	(Franchisor) Pizzaria Uno's popularity is growing to the tune of $25MM over '85. Co. plans to win over the "Down Under" with openings in Australia and New Zealand. Fy end 9/86.
344	344	0	(Transportation) A government-hired mgmt. firm, Amtrak is reviewing, modifying and upgrading foodservice. 344 units—dining cars, clubs cars, snack cars, lounge cars—now open.
22	17	29.4	(Full service) New unit in Embassy Suites at San Francisco airport (open 12/86) may be co.'s top grosser in '87. More hotel restaurants planned. 2 Muncy units now open. Fy end 6/87.
84	84	0	(Diverse restaurants) The "for sale" sign is up. 64-unit Pietro and 16-unit Annabelle's both on the block. Co. already closed its 4 McDoogals in '87. Call Pres. Frank Powell. Make him an offer.
16	23	−30.4	(Health care) Centralization and computerization are the order of the day. The multikitchen concept is making way for the modern central concept. Fy end 6/87.
37	37	0	(Government institutions) Still in the process of computerizing operation. About 80% on-line now, hope to be 100% by the end of '87. Continually trying to use government commodities.
226	225	0.4	(Schools) National School Lunch Week, Texas School Lunch Week and American School Assoc. promotions were successfully used in '86. Supervisors beefed up. Fy end 5/87.
281	260	8.1	(Schools) Computerization of food ordering and polling of POS terminals most important changes. Currently testing new recipes that use USDA-donated commodities. Fy end 6/87.
80	74	8.1	(Franchisee) Wendy's second largest franchisee focused on "basic operations" in '86. In '87 will build 7 new units using a less-expensive building design—stucco vs. brick, smaller solarium, etc.
97	97	0	(Franchisor) Sales are up and co. sees no reason to change a good formula. Unit number remains the same but menu additions including a blue-plate special will keep interest steady. Fy end 11/86.
325	330	−1.5	(Retail) Co. continues to remodel units while closing marginal units. One concept, a 1950s diner, serves up burgers and blue-plate specials. Another offers fresh dough pizzas. Fy end 1/87.
103	88	17	(Franchisor) Limited menu fast food is ticket for success for this family-oriented chain. Expanded to East Coast in '86 and plans 25 units for '87. Now operating more than 100 units coast to coast.
39	33	18.2	(Diversified franchisee) Co. operates Shoney's and Village Inn Pizza Parlor concepts. Will open 5 Shoney's in '87, but no additional pizza units planned. Expansion plans: metro Atlanta.
24	21	14.3	(Full service) San Francisco and San Diego are targeted for expansion; Orange County saturated. Radio-supported promotions lead to 20% increase in sales volume. Designed new menu in '86.
24	55*	−56.4	(Franchisor) Fewer stations to stop at. After selling or closing 60 stores, co. is left with 1 Bonkers unit, 1 Quin's Mill and 22 Victoria Stations. Chapter 11 proceedings are under way.
92	83	10.8	(Franchisee) New in-house training program is under way for PH franchisee. Goals include more efficient ordering and professional serving techniques. PC: Central Development Inc.
409	201	103.5	(Health care) Name change from Hospital Services of New England occurred 1/86. Developing new areas for revenue growth including bakeries in cafeterias. Fy end 9/86.
141	70	101.4	(Colleges) Increase in number of convenience store type operations and improvements in facilities major changes planned for '87. '86 showed trend toward a la carte food plans.
200**	225	−11.1	(Government institutions) Dept. switched from federal-grade frozen fruits and vegetables to branded products; revised contract period on fresh fruits and vegetables from 1 week to 2 weeks.
39	39^{R}	0	(Government institutions) "Prime vendor initiative"—using 1 vendor to supply an institution with all of its food needs—is one way the state has reduced burgeoning inventory, helped cash flow.
110	113	−2.7	(Retail) Neiman-Marcus, Broadway, Broadway Southwest, Thalhimers, Emporium/Capwell and Weinstocks contribute to co. earnings. Customer counts show a 3% decrease. Fy end 2/87.
123	100**	23	(Diversified franchisee) Co. went from franchisee to franchisor. Unloaded Godfather's to tie knot with Pantera's. Merger with Pizza Inn brings unit count to more than 800.
40	33	21.2	(Diversified franchisee) Taco Bell and Pizza Hut franchisee has thrived in tropics, now it's trying Great White North. In 2/87 bought 19 Huts in British Columbia. Wants to add 6-10 more.
29*	29	0	(Lodging) With opening of Chicago and San Jose, Calif., hotels, this family-owned chain is taking an aggressive approach to expansion. 2 properties on East Coast are under consideration.
11	9	22.2	(Diverse restaurants) Still in same family after 60 years, Palm opened 2 units in '86: The Palm (San Francisco) and The Hedges (Easthampton, N.Y.). Boston, Atlanta are being considered.

400: RANKINGS

VALLEY
FOOD SERVICE™

Schlotzsky's funds limited partnership for company expansion . . . Pizza King wows customers with model train drink delivery . . . Noble Roman's gets thumbs up signal after selling units over list price . . . Carousel Snack Bars waltzes off with Famous Ramos chain, eyeing more acquisitions for its dance card . . . Restaurant Management Service cheering Shoney's new billion dollar club membership . . . Valley Food Service Corp. taking the lay of the land for possible expansion in the South.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
276	295	**Harcourt Brace Jovanovich Co.** Orlando, Fla.	48.7	42	16
277	299	**Triton Investment Co. Inc.** Greensboro, N.C.	48.6*	41.9*	16
278	269	**Sanese Services Inc.** Columbus, Ohio	48.1*	48	0.2
279	—	**New Jersey Dept. of Corrections** Trenton, N.J.	47.6†**	—	—
280	271	**Sands & Co. Inc.** Marietta, Ga.	47.6†*	47.6†	—
281	244	**Triple T Hotel Mgmt. Corp.** Indialantic, Fla.	47.6*	51.7*	−7.9
282	332	**Restaurant Mgmt. Co.** Wichita, Kan.	47.4*	36.9*	28.5
283	278	**Valley Food Service Corp.** Jackson, Miss.	47.2†	45.4†	4
284	280	**Ohio Dept. of Rehabilitation & Correction** Columbus, Ohio	46†	45.1†	2
285	265	**Amfac Resorts Inc.** Flagstaff, Ariz.	45.7*	48.3	−5.4
286	288	**K&W Cafeterias Inc.** Winston-Salem, N.C.	45.3	44	3
287	285	**U.S. Army Medical Dept.** Falls Church, Va.	45.1†	45†	0.2
288	371	**International Onion** Carson, Calif.	45	32.4*	38.9
289	337	**Lincoln Hotels** Dallas, Texas	45	36	25
290	266	**Maid-Rite Products Inc.** Des Moines, Iowa	45	48.1	−6.4
291	283	**Noble Roman's Inc.** Bloomington, Ind.	45	45	0
292	300	**Schlotzsky's Inc.** Austin, Texas	45	41.5	8.4
293	292	**Carousel Snack Bars Inc. of Minnesota** Minneapolis, Minn.	45**	43.3**	3.9
294	284	**Pizza King Franchises Inc.** Lafayette, Ind.	45*	45	0
295	286	**California Dept. of Developmental Services** Sacramento, Calif.	44.8†	40.6†[R]	10.3
296	—	**Florida Dept. of General Services** Tallahassee, Fla.	44.8†	28†	60
297	293	**Ohio State Dept. of Mental Health** Columbus, Ohio	44.8†	42†	6.7
298	302	**Consolidated Coin Caterers Corp.** Charlotte, N.C.	44**	41.2	6.8
299	281	**Adam's Mark Hotels** St. Louis, Mo.	43.7	45	−2.9
300	275	**Standard Oil** Cleveland, Ohio	43.4*	46.2*	−6.1

*R&I estimate, **company est., †commercial equivalent, (A) former data included non-foodservice sales, (B) adjusted method in reporting figures, (C) franchisees' sales est., (R) revised

Number of units		% of change	Organization highlights
'86	'85		
58	58	0	(Recreation) Batter up! Sea World operator now trying hand at Boardwalk and Baseball, opened in early '87 near Orlando, Fla. Will feature daily games and be spring home to K.C. Royals.
36*	32*	12.5	(Franchisee) As in previous years, this McDonald's and fast-food franchisee has politely refused to entertain any of our questions regarding sales, performance evaluation or future plans.
610*	600	1.7	(Foodservice mgmt.) Sanese, which provides foodservice for nursing homes, white-collar B&I, colleges and hospitals, celebrated 40th birthday in '86. Vending still represents primary income.
17	—	—	(Government institutions) The day of the deficit: Dept. ran a 10% deficit in fy '86. Dept. purchases for 17 public prisons, financed by state revenues. Has own bakeries, milk processing centers.
525*	525	0	(Foodservice mgmt.) Last year, Sands—an employee-dining contractor—shifted to its current tight-lipped position, leaving us in the dark. 80% of co.'s contracts are in vending.
34*	37	−8.1	(Diversified franchisee) Besides being Holiday Inns' largest franchise holder, co. is linked to several other chains. Spent $35MM on new construction last year.
88	79	11.4	(Diversified franchisee) Co. concentrates on managing restaurants, not talking about them. Operates 50 Pizza Huts, 28 Long John Silvers and 10 Grandy's. Fy end 4/87.
97	92	5.4	(Foodservice mgmt.) Revised quality and service standards program tied to new employee incentives. Expanding in-unit merchandising. Investigating expansion into Texas, Ga., Ky. and Mo.
0	29	−100	(Government institutions) Opened 1 central dining room in '86 with another due to open in '87 to eliminate satellites. 8 new institutions scheduled to open in '87, meaning 4,700 additional beds.
30*	30	0	(Diverse foodservice/lodging) Co. signaled preference for fun- and sun-loving crowd by selling business hotels in Dallas and Minneapolis, while keeping resorts in Ariz., Calif. and N.M.
19	18	5.6	(Full service) K&W plans to add 3 full-service cafeterias in '87. The units will be located in North Carolina. One cafeteria opened in '86. AUV $2.5 million. Average check per person $2.95.
51	51	0	(Government institutions) Renovations ongoing. Walter Reed Medical Center equipped with new kitchen early '87. New facility added at Evans Army Comm. Hosp. Fy end 9/86.
14	13	7.7	(Full service) Red Onion operator on the road back. After slight slide in '85, co. posted gain in '86 by decreasing emphasis of alcohol at its Mexican restaurants. Will add 1 unit in Southern Calif.
34	30	13.3	(Lodging) Opening Lincoln Hotel and University Conference Center 7/87 in Indianapolis. Will divest real estate in hotels and concentrate on expanding mgmt. contracts. Renovations continue.
127	157	−19.1	(Franchisor) Co. is remodeling with 1920s decor. Tin ceilings, black and white tile floors, and art deco touches are planned. Project 50 additional units in '87.
110	127	−13.4	(Franchisor) Brought in $3MM additional equity through private investments and sale of 6 units at well above list price. Remodeling existing units; adding 4 co. units. Fy end 1/87.
200	177	13	(Franchisor) Aggressive 3-part plan started in '86: funded $1.3MM private limited partnership for co. expansion; added 30 units in '86, 40 due in '87; strengthened co. mgmt. Fy end 6/87.
315	275	14.5	(Fast food) Acquired the 42-unit Famous Ramos chain 10/86. New units are located only in major Texas malls and cuisine is in keeping with Carousel offerings. Search is on for more acquisitions.
91	90	1.1	(Franchisor) Co. reports that restaurant redesign (which includes a model train to deliver drinks to customers at booths) is a hit. All 91 units are in Ind.; 8 were added in '86. Fy end 8/86.
11	11	0	(Government institutions) Because of distribution to numerous serving sites, mgmt. decided to switch 8 of 11 facilities to cook-chill operation to keep food hot. Continue to phase out lodging.
50	52	−3.8	(Government institutions) First-time "400" organization makes listing because of increase in Fla. prison space. Purchases for 30 prisons, 15 hospitals, 5 mental-health facilities. Fy end 6/87.
50	33	51.5	(Government institutions) Deinstitutionalization has stablized, so no marked increase or decrease in population expected this year. Dept. making 60% to 70% of purchases from central warehouse.
1,000*	974	2.7	(Foodservice mgmt.) Say so long to Consolidated Coin. Co. acquired by Canteen as '86 ended. Canteen absorbs co. that has been focusing on its catering operations as of late.
28**	24	16.7	(Lodging) Adam's Mark is changing pattern of 100% ownership; with $450MM in equity, future growth seen in limited-equity mgmt. contracts for independents. F&B sales of $52MM projected.
35	41	−14.6	(Franchisor) Co.'s subsidiary, Truckstops of America, acquired 1 new unit in Fort Smith, Ark. All are full-service truckstop restaurants called Country Pride. No new units planned for '87.

400: RANKINGS

SIRLOIN STOCKADE®

Southern Hospitality Corp. welcomes home delivery with Big O's Pizza . . . Trader Vic's remodels for natives in Beverly Hills, Calif., Washington, two other major markets . . . No room for Americana Hotels: The company is trying to sell its remaining hotel properties . . . Sirloin Stockade hopes to rustle up new franchises around the country.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
301	341	**Pancho's Mexican Buffet Inc.** Fort Worth, Texas	43.1	35.6	21.1
302	296	**Smith and Sons Foods Inc.** Macon, Ga.	43	42	2.4
303	322	**FMS Mgmt. Systems Inc.** North Miami Beach, Fla.	43**	38.5	11.7
304	252	**Southern Hospitality Corp.** Nashville, Tenn.	43**	50.1**	-14.2
305	309	**MTC Mgmt. Inc.** Campbell, Calif.	42.6	40.3	5.7
306	305	**Trader Vic's** San Francisco, Calif.	42.6*	41*	3.9
307	301	**The Evangelical Lutheran Good Samaritan Society** Sioux Falls, S.D.	42.5†	41.4†	2.7
308	319	**Consumer Food Services Inc.** East Brunswick, N.J.	42**	38.7	8.5
309	318	**MCL Cafeterias** Indianapolis, Ind.	42**	38.9	8
310	338	**Houston's Restaurants** Atlanta, Ga.	42*	36*	16.7
311	158	**Americana Hotels Corp.** Fort Worth, Texas	41.8*	94.6*	-55.8
312	311	**State of Hawaii School Foodservice** Honolulu, Hawaii	41.6†	39.5†**	5.3
313	289	**Restaurants Unlimited Inc.** Seattle, Wash.	41	44	-6.8
314	321	**Hamburger Hamlets Inc.** Sherman Oaks, Calif.	41**	38.6	6.2
315	314	**Dallas Independent School District** Dallas, Texas	40.6†	39.2†	3.6
316	384	**Phillips Seafood Restaurants** Ocean City, Md.	40.6	31	31
317	361	**State of Washington Government Institutions** Olympia, Wash.	40.6†	33.9†	19.8
318	308	**New York State Office of Mental Retardation** Albany, N.Y.	40.3†	40.6†	-0.7
319	282	**Dino's USA Inc.** Oak Park, Mich.	40	45	-11.1
320	381	**Michigan State University** East Lansing, Mich.	40†	31.2†**	28.2
321	352	**Sirloin Stockade Intl.** Hutchinson, Kan.	40	35	14.3
322	—	**Vall Ent.** Miami, Fla.	40	—	—
323	372	**Rowntree MacKintosh** Cleveland, Ohio	40**	32.3	23.8
324	334	**Southern Cafeteria Co. Inc.** Birmingham, Ala.	40**	36.2	10.5
325	—	**Pennsylvania Dept. of Corrections** Camp Hill, Pa.	39.7†	—	—

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est., (R) revised

RESTAURANTS & INSTITUTIONS

Number of units '86	'85	% of change	Organization highlights
42	40	5	(Diverse restaurants) Wall St. taking note as stock hits all-time high. Earnings up 30% every year since '79. Prediction: 25% minimum bottom line growth a year. *Olé!* Waved *ciao* to 2 Emiliano's.
55	54	1.9	(Diverse foodservice/mgmt.) Co. operates 19 cafeterias; manages 32 foodservice operations in hospitals, nursing homes, retirement homes and industrial plants; and 3 Shane's.
86	83	3.6	(Franchisee) Dinner business has tripled and by year-end co. will have remodeled all its IHOP units. Have also changed look with opening of 2 flat-roof prototypes complete with buffets.
62	65	−4.6	(Diversified franchisee) Wendy's franchisee sold 14 Mr. Gatti's and started Big O's Pizza Delivery in '86; 7 units open (in Tenn. and Ga.) as of 1/87. 8 units to come. Fy end 5/86.
101	84	20.2	(Franchisor) Passed 100th unit mark in '86. Looking for franchisees for Togo's Eateries in West. With AUVs at $430K, shouldn't have much trouble. Opened 16 units in '86. Fy end 3/87.
21*	21	0	(Full service) Taciturn Traders still mum on actual sales. Major renovations given 4 of 7 U.S. operations. Chicago, Washington, D.C., Beverly Hills, Calif., San Francisco sporting facelifts.
200	191	4.7	(Health care) The highlight of '86 was the decision to affiliate with 2 Lutheran Church bodies in '88. Calls for exchange of resources and services while allowing society to operate independently.
25	49	−49	(Franchisee) Biggest change for this Burger King operator has been dissolution of owning partnership, resulting in fewer units. After regrouping should continue expansion plans.
27	27	0	(Full service) MCL is going back to the ABCs. Full-service cafeterias feature wholesome, Midwestern-style foods. Cafeterias are located in mall, strip centers, free-standing locations.
15	13	15.4	(Full service) Chain units give the feeling of hospitable neighborhood taverns. Currently operates units in South and East but expanding into Midwest as well. 2 more units planned. Fy end 1/87.
24*	54*	−55.6	(Lodging) As part of complex restructuring plan, ailing Americana sold or revamped 11 properties during '86. That wasn't the end—at press time, co. was disposing of remaining 14 properties.
227	226	0.4	(Schools) Organization also provides meals to the Elderly Program and summer programs. More process commodities in menu will be used in '87. 63% of meals are full price. Fy end 6/87.
18	16	12.5	(Diverse restaurants) Expansion continues in full-service operations in Calif. Expanding cinnamon roll concept, Cinnabon. Also plans to open restaurants at Embassy Suite hotels.
24	23	4.3	(Full service) Three units opened in '86: Downtown Grill (Encino, Calif.); H. Hamlet (an upgraded HH in Encino) and Kate Mantilini's—a steakhouse—in Beverly Hills, Calif. Fy end 3/87.
183	180	1.7	(Schools) Several new schools planned for '87. 61% of meals served free; 32% full price. Black History Day and Cinco de Mayo special menu promotions in '86. Fy end 6/87.
6	6	0	(Diverse restaurants) An upside down organizational chart puts the customer first. Food costs at 40% show it tries to listen to customer. Concentrating on training and upscale service in '87.
36	34	5.9	(Government institutions) Prisons continue to reduce food cost through master menu plan. Plan holding costs below '82 levels. Also buys for veterans' hospitals, mental-health facilities.
20	25	−20	(Government institutions) Regional cook-chill facility enters design phase in '87. When built, facility will ship food to 5 NYC units. Will open 2 new units, remodel 6 others in '87.
200	185	8.1	(Franchisor) Hiring of director of franchise sales and formation of new mgmt. team gets this co. in gear for aggressive expansion in '87. Substantial advertising budget also approved. Fy end 9/86.
43	41	4.9	(Colleges) Continuing with major renovations to Kellogg Center while conference hotel sales continue to rise. Introduced nationally known fast-food outlets into MSU union. Fy end 6/87.
60	57	5.3	(Franchisor) Co. hopes to pull several franchisees into its pen with a new ad campaign. Also, new building design, separating dining from ordering area, will be used from now on.
17	—	—	(Diverse restaurants) Chain of mainly Spanish full-service restaurants includes La Caretta (5), Trianon (3) and the Copacabana, among others. Some units feature strolling musicians.
301	273	10.3	(Franchisor) Hot Sam's Pretzels franchises were sold to RM from General Host in '86. Co. opened 20 units in '86 and plans another 15 to 20 in '87. One unit was moved into Canada.
76	67	13.4	(Foodservice mgmt.) Co. changed name "to more clearly reflect the wide variety of foodservice that we provide," says Pres. Walter Berry. Manages 7 hospital accounts, 69 B&I. Fy end 9/86.
14	—	—	(Government institutions) PDC purchases food from itself: System has 4 farms, 1 meat-processing plant, 2 dairies, 2 beef-raising and 1 hog-raising operation. 2 new facilities opened in '86.

400: RANKINGS

FRONTIER ENTERPRISES

Wrather Corp. lost a little sales magic from its Disneyland Hotel despite record park attendance . . . Taco Tico got wheels by adding drive-thrus in its new prototypes . . . Legal Seafood makes expansion the law, while Seafood Shanty shores up its menu with new, more-available fish varieties . . . Frontier Enterprises settles down to work its claim in Texas.

Rank in the 400 '87	Rank in the 400 '86	Organization Headquarters	Foodservice volume in $ millions '86	Foodservice volume in $ millions '85	% of change
326	315	**State of Louisiana, Office of Purchasing** Baton Rouge, La.	39.2†	39.2†	0
327	247	**U.S. Marine Corps Military Clubs Branch** Washington, D.C.	39†	51†	−23.5
328	358	**Bobby Rubino's Place for Ribs USA Inc.** Fort Lauderdale, Fla.	39**	34.3	13.7
329	—	**Huddle House Inc.** Decatur, Ga.	38	—	—
330	—	**Jerry's Systems Inc.** Gaithersburg, Md.	38	—	—
331	389	**Legal Sea Foods Inc.** Boston, Mass.	38	30	26.7
332	330	**The Levy Organization** Chicago, Ill.	38	37	2.7
333	344	**Restaurant Mgmt. Service Inc.** Macon, Ga.	38	35.3	7.6
334	306	**Wrather Corp.** Beverly Hills, Calif.	38	41*	−7.3
335	325	**Elmer's Pancake & Steak House Inc.** Portland, Ore.	38**	38**	0
336	345	**Winegardner & Hammons Inc.** Cincinnati, Ohio	37.8	35.3	7.1
337	335	**School District of Philadelphia** Philadelphia, Pa.	37.5†	36.2†**	3.6
338	291	**Frontier Ent.** San Antonio, Texas	37	43.5	−14.9
339	333	**David's Cookies** New York, N.Y.	36.5*	36.6*	−0.3
340	336	**Country Kitchens of Wisconsin Inc.** Madison, Wis.	36	36	0
341	343	**Dietary Consultants Inc.** Hornell, N.Y.	36†	35.3†	2
342	316	**Texas Dept. of Mental Health & Mental Retardation** Austin, Texas	35.9†	39.2†	−8.4
343	317	**Brunswick Corp.** Skokie, Ill.	35.8	38.9	−8
344	349	**Bresler's 33 Flavors** Des Plaines, Ill.	35.8**	35	2.3
345	364	**OSF Intl.** Portland, Ore.	35.6	33	7.9
346	350	**Brigham's Inc.** Arlington, Mass.	35	35	0
347	320	**Cox Hotel Corp.** West End, N.J.	35	38.7	−9.6
348	355	**Seafood Shanty Restaurants** Bensalem, Pa.	35	35*	0
349	353	**Taco Tico Inc.** Wichita, Kan.	35	35	0
350	356	**The Boyd Group** Las Vegas, Nev.	34.9*	34.9	0

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est., (R) revised

Number of units '86	'85	% of change	Organization highlights
39	38	2.6	(Government institutions) State prison system program allows facilities to grow, harvest and supply their own vegetables and produce. 12 hospitals and state schools operate on service contracts.
163	163	0	(Military) This branch took advantage of some National Restaurant Association workshops to train mgmt. personnel. Purchases were down but meals served increased 10% over '85. Fy end 9/86.
25	23	8.7	(Franchisor) Bobby Rubino's Place for Ribs has designated the customer's home as the place for ribs through a new delivery service added this year. Plans to build 2 new units by year-end.
129	—	—	(Franchisor) Plans in the huddle: 25 stores per year for the next 5 years, following a 16-store gain in '86. Full-service 24-hour breakfast house chain is concentrated in the Southeast U.S.
61	—	—	(Franchisor) Jerry's rigging: 61 Jerry's Sub & Pizza units, plus 6 franchised Jack's Corned Beef units, all on East Coast. Opened 7 units in '86. Acquired Backyard Burgers concept. Fy end 3/87.
5	5	0	(Full service) Aggressive expansion plans for '87, especially with mail-order catalog business. Also hope to nail down 2-3 more restaurant locations. 1 unit enlarged to hold 100 more guests.
27	24	12.5	(Diverse restaurants) Co. opened 3 new units in Sears Tower and a gourmet shop on Michigan Avenue. A Pan-Asian concept, a bistro and a deli are coming, plus 2 restaurants at Disney World.
36	34	5.9	(Diversified franchisee) Franchisee of Shoney's is enjoying success. Added 4 Shoney's plus 1 Captain D's and 1 Lee's Famous Recipes. Planning 7 more for '87 in Fla., Ga. and Pa. Fy end 10/86.
53	52	1.9	(Diverse foodservice/lodging) Record attendance at park has kept sales brisk at Spruce Goose, QE2 and Disneyland Hotel's 7 restaurants. Slight sales dip due to remodeling.
31	31	0	(Franchisor) Continued expansion primarily in West Coast area for '87. Multimedia campaigns were very successful. Rollout of new menu in '86 shows EPSH isn't just for breakfast anymore.
37	37	0	(Diverse foodservice/lodging) Full-service operations in Holiday Inn, Radisson and Ramada Inn hotels among others are thriving as co. experienced $2.5MM units.
254	255	−0.4	(Schools) Special menu promotions including Citrus Fruit Promotion and National Sugarless Day a success in '86. Installing electronic cash registers in '87. 93% of meals are free.
28	29	−3.4	(Diverse restaurants) No plans for new units in '87, co. will concentrate on maintaining the quality of its diverse Texas operations including a floating restaurant and one that revolves. Fy end 6/87.
200**	220	−9.1	(Franchisor) Completed its evolution from a cookie franchisor into a diversified specialty food co. For '87 to go even farther and have cookie dough in supermarkets.
60	60	0	(Franchisee) Continued remodeling of balance of units in state. Looking to branch out into Ill. in '87. Will introduce many new products this year, from a packaging standpoint. Fy end 10/86.
65	66	−1.5	(Foodservice mgmt.) Organization saw increase in purchases due in part to computerized menu selection coupled with computer production tally and nutritional info for each resident day.
27	27	0	(Government institutions) Computerized modified diet recipes and menus; converted to centralized, insulated tray assembly at 3 facilities; increased dietary fiber, lowered fat, cholesterol and sodium.
147	154	−4.5	(Diverse restaurants) Completely remodeled food facilities to be more efficient. Co. says it will try to "do better at what we do now" in '87. Mug and glass promo planned for '87. 4 new units to open.
325	335	−3	(Franchisor) Joint ventures are seen as best vehicles for expansion. Have opened 2 units in conjunction with Taco John's in Wyo. and Colo. Another project with c-store chain in the works.
24	23	4.3	(Full service) Co. reports a 5% increase in customer counts in '86. AUV is $1.5MM and sales are up. Co. plans to add 3 units and will construct a free-standing model in '87.
82	82	0	(Franchisor) Not much to report here. Co. that specializes in light lunches and ice cream simply said "use last year's figures." Scheduled several units for renovation to new, lighter interiors.
22	30	−26.7	(Lodging) Cost controls were the major project for this franchisee of several major hotel chains. Changes include computerized point-of-sale systems and manual daily counts from payroll.
14	14	0	(Full service) Takeout ad campaign helped increase '86 volume. Pressure in '87 to look for more varieties of seafood due to higher costs, decreasing availability. 1 or 2 new units in the works.
108	125	−13.6	(Franchisor) Added drive-thrus. Developed new prototype building. Going for a more authentic and contemporary image with a lighter stucco and tile exterior. 8 new units due in Kan. and Ark.
14	14	0	(Lodging) Co. is remodeling the Stardust. The convention center is to be razed to make way for a gambling museum, shopping center and diner along with an expansion of the casino.

400: RANKINGS

Arctic Circle thawing out after corporate restructuring . . . Pizza Hut franchisee Coulter Enterprises drops 13 units . . . Kansas prisons now raising own hogs . . . Happy Chef flipping over Ruttles '50s grill concept . . . Cask & Cleaver revenues sliced by $2.5MM, but El Gato Gordo business is purring . . . Corporate Food Services spreads white collar contract wings, moves into the Midwest, eyeing Washington, D.C.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
351	—	**Sonesta Intl. Hotels Corp.** Boston, Mass.	34.4*	26.8	28.4
352	—	**LaRosa's Inc.** Cincinnati, Ohio	34	—	—
353	366	**Shari's Mgmt. Corp.** Portland, Ore.	34**	33	3
354	348	**Arctic Circle Inc.** Salt Lake City, Utah	33.7	35	−3.7
355	—	**AmeriNet/Intermountain Health Care** Salt Lake City, Utah	33.6†	—	—
356	307	**State of Kansas Div. of Purchasing** Topeka, Kan.	33.6†	40.6†	−17.2
357	377	**Spire's Restaurants** Orange, Calif.	33.2	31.6*	5.1
358	359	**U.S. Beef Corp.** Tulsa, Okla.	33	34	−2.9
359	—	**Heidman Inc.** Akron, Ohio	32.9*	—	—
360	374	**Happy Chef Restaurants** Mankato, Minn.	32.5	32**	1.6
361	398	**Atlas Hotels Inc.** San Diego, Calif.	32	29.4	8.8
362	376	**Coulter Ent.** Wichita, Kan.	32	31.7*	0.9
363	—	**4B'S Restaurants Inc.** Missoula, Mont.	32	28	14.3
364	399	**Clock Restaurants Inc.** Lighthouse Point, Fla.	32*	29.4*	8.8
365	—	**Olga's Kitchen Inc.** Troy, Mich.	32	—	—
366	342	**AIFAM Ent. Inc.** Wichita, Kan.	31.7**	35.4	−10.5
367	—	**Casa Olé Restaurants & Cantinas** Houston, Texas	31.5	—	—
368	339	**The C&C Organization** Rancho Cucamonga, Calif.	31.3	35.9	−12.8
369	380	**United Inns Inc.** Memphis, Tenn.	31.3	31.3	0
370	—	**Rosewood Hotel Group** Dallas, Texas	31	—	—
371	360	**Spencecliff Corp.** Honolulu, Hawaii	31	34**	−8.8
372	395	**Munford Inc.** Atlanta, Ga.	31*	29.9*	3.7
373	313	**Corporate Food Services Inc.** New York, N.Y.	30.8†	28†^{R}	10
374	—	**Texas Dept. of Corrections, Food Service Dept.** Huntsville, Texas	30.8†	—	—
375	340	**Maryland Dept. of General Services** Baltimore, Md.	30.8†**	35.8†	−14

*R&I estimate; **company est.; †commercial equivalent; (A) former data included non-foodservice sales; (B) adjusted method in reporting figures; (C) franchisees' sales est.; (R) revised

RESTAURANTS & INSTITUTIONS

Number of units '86	 '85	% of change	Organization highlights
150	51	194.1	(Lodging) Co. has 150 F&B units divided among 11 hotels. Co. policy is one of slow and steady growth, with an additional 1 or 2 hotels annually. 3 hotels co.-owned, 2 franchised, 66 managed.
47	—	—	(Franchisor) Average checks at pizzerias run $9.10 for dining in, $7.75 for carryout and $10.30 for deliveries. 2 new units in Ky. and Ohio scheduled. All but 5 units are franchised.
36	35	2.9	(Franchisor) Co. keeping advertising expenditures to a minimum: $100K last year, same planned this year. Plans to open 1 Shari's 24-hour coffee shop in '87. PC: StratAmerica Corp.
112	111	0.9	(Franchisor) After purchase by Quaker State Oil in '86, corporate offices were restructured. 5 principle partners left to pursue their own business. Po Folks and AC units running smoothly.
150	—	—	(Health care) Purchasing group for hospitals and nursing homes opened 30 serving locations, closed 10 during '86. This newcomer to the "400" plans to fill in its Western markets.
25	28	−10.7	(Government institutions) Prison system raises own hogs, boasts its own pork-beef slaughtering operation. 30 inmates work a 4-day week. Plant ultimately will distribute to hospitals and universities.
27	25	8	(Full service) Dinner house operator now has central commissary in Anaheim, Calif., that has improved quality control. Already opened 1 Spire's Restaurant in '87, hoping for a few more.
71	71	0	(Franchisee) Licensee of Arby's will be doing some remodeling in '87. Opened 1 unit in 4/87, plans 3 more in Ark. and Okla. Combo meals and coupon specials will run. Metro Diner is doing well.
24	—	—	(Franchisee) Why is it that McDonald's franchisees rarely reveal more than name, rank and unit number? Is it something we wrote? Co. sales based on parent's '86 AUV.
51	51	0	(Franchisor) Co. opened the Ruttles 50s' Grill concept restaurant in '86. Continues to upgrade, remodel. Will invest $2MM for capital expansion; 1 to 3 units planned for '87. Fy end 5/87.
22	32	−31.3	(Lodging) Has as many concepts as units. The restaurants and themes range from casual to elegant at its 11 properties. Wants to open 1 property in '87. Sees banquet sales as strength.
67	80	−16.3	(Franchisee) The second year in the "400" shows this Pizza Hut franchisee is holding its own despite a 13-unit decrease in '86. It is retaining its right to privacy regarding plans for '87. Fy end 2/87.
27	26	3.8	(Diverse restaurants) Longtime Montana-based chain includes 18 4's Restaurants and 9 4B's Black Anguses. Renewed expansion program calls for 2 new units in Wash. and Mont.
40	41*	−2.4	(Full service) Family-style restaurant operator closed 1 unit, opened 3. '87 expansion calls for 2 to 3 new units. Building on its strength, co. says no mgmt. changes undertaken or planned.
38	—	—	(Franchisor) Full-service restaurant co. enters the "400" by adding 6 units in '86. Expansion plans call for 9 more units in '87, with growth targeted for Calif., Wash., D.C., Mich. Fy end 11/86.
78	85	−8.2	(Franchisee) Just like in the movie, this Godfather's franchisee reports it is doing whatever the boss wants it to do. Operates in Kan., La., Okla. and Texas. Unit count down 7 from '85. Fy end 2/86.
33	—	—	(Franchisor) Co. thrives deep in the heart of Texas. Plans to expand horizons east with 2 new units in La. 3 other '87 units planned. AUV just over $1MM. Co. owns 15 units, franchises the rest.
26	30	−13.3	(Full service) 25 Cask & Cleavers: $26MM. Sales down $2.5MM. 2 Lord Charley's held their own: $2.5MM. Expansion will focus on 2 El Gato Gordos where sales were up $500K.
40	40	0	(Franchisee) No movement reported by co. that almost exclusively operates Holiday Inns. Concentrations in Atlanta, Jackson, Miss., Dallas, and Houston. Others scattered in Ariz., Calif., Colo.
6	—	—	(Lodging) Super-upscale hotels include the Mansion on Turtle Creek (Dallas), Hotel Bel Aire (L.A.); restaurants match their hotels. Co. opened 1 unit in '86. Possibility of 1 more in '87.
26	25	4	(Diverse foodservice/lodging) Facelifts and complete renovations for every retail outlet scheduled for '87. Co. plans to aqcuire more units and will spend $1MM on advertising. Fy end 6/87.
801	785*	2	(Retail) Operator of Majik Mart convenience stores seems to be on the growth trend with 756 co.-owned and 45 franchised units operating in '86. The privately held co. reveals little else.
58	44	31.8	(Foodservice mgmt.) Contractor secured new account in Midwest. Marks first time outside N.Y.-N.J.-Conn. tri-state area. Looking to Wash., D.C. Forecast: 22% to 25% annual growth.
27	—	—	(Government institutions) Does purchasing on quarterly basis. Food shipped to central warehouse and distributed from there. Receives some government commodities and also grows some of its own.
33	32	3.1	(Government institutions) No major changes in '86 apart from the addition of another correctional facility. Each institution does its own menu and food prep based on federal guidelines.

400: RANKINGS

Sandwich Chef's R.C. Cooper delis continue to be customers' heroes . . . G.D. Ritzy's glitzy diners curtailing franchise hunt to fine-tune existing units . . . Valentino's falling in love with the take-out trend . . . Big 4 gearing up for top priority expansion . . . Fairfax County Schools' fully equipped kitchens feed 103,000 customers a day.

Rank in the 400 '87	'86	Organization Headquarters	Foodservice volume in $ millions '86	'85	% of change
376	387	**U.S. Naval Medical Command** Washington, D.C.	30.6†	30.3†	1
377	369	**U.S. Air Force Medical Service** Andrews AFB, Md.	30.5†	32.6†	−6.4
378	375	**Sandwich Chef Inc.** Birmingham, Ala.	30	32**	−6.3
379	367	**State of Tennessee General Services** Nashville, Tenn.	30†	33†	−9.1
380	392	**Valentino's** Lincoln, Neb.	30	30	0
381	—	**Vie de France Restaurant Corp.** McLean, Va.	30	—	—
382	388	**Big 4 Restaurants, Inc.** Phoenix, Ariz.	30**	30	0
383	346	**Hospitality Intl. Inc.** Atlanta, Ga.	30**	35.2	−14.8
384	—	**JRN Chicken Stores** Columbia, Tenn.	30**	—	—
385	—	**The Management Group Inc.** Chicago, Ill.	30**	—	—
386	328	**G.D. Ritzy's** Columbus, Ohio	29.9	37.7	−20.7
387	—	**Busch Entertainment Corp.** St. Louis, Mo.	29.3*	27.4	6.9
388	—	**Allen & O'Hara Inc.** Memphis, Tenn.	29.2	23	27
389	303	**Monterey House Inc.** Houston, Texas	29	35^R	−17.1
390	—	**Perk Development Corp.** Rochester, N.Y.	28.4	25.2	12.7
391	—	**Fairfax County Public Schools** Springfield, Va.	28.2†	25.5†**	10.6
392	393	**Hillsborough County School Board** Tampa, Fla.	28.1†	30†**	−6.3
393	390	**Numero Uno Franchising Corp.** Woodland Hills, Calif.	28	30	−6.7
394	—	**Pappas Restaurant Inc.** Houston, Texas	28	24*	16.7
395	—	**State of Tennessee, Dept. of Corrections** Nashville, Tenn.	28†	—	—
396	391	**Tem-Kil Co. Inc.** Nacogdoches, Texas	28**	30	−6.7
397	362	**CVI Service Group Inc.** Plainfield, N.J.	27	33.6†	−19.6
398	—	**The Pasta House Co.** St. Louis, Mo.	27	—	—
399	—	**Grand American Fare** Santa Monica, Calif.	26	—	—
400	—	**Pepe's Inc.** Chicago, Ill.	26	—	—

**R&I* estimate **company est. †commercial equivalent. (A) former data included non foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

RESTAURANTS & INSTITUTIONS

	Number of units		% of change	Organization highlights
	'86	'85		
	27	27	0	(Health care) Introduced a la carte menu pricing to cafeterias. Organization placing emphasis on medical mission role. Added calorie control items to menus. Fy end 9/86.
	82	82	0	(Health care) AMS making sure enlisted personnel are well informed on nutrition as part of Health Promotion Program. Conversions to a la carte pricing continues. Fy end 9/86.
	184	204	−9.8	(Fast food) R.C. Cooper delis are up and operating in office buildings and captive clientele is captivated. Co. opened 18 units in '86, plans another 7 in '87. Fy end 6/87.
	42	46	−8.7	(Government institutions) Does central purchasing for all state agencies and institutions, including 18 correctional, 9 mental health, 9 park and 5 school facilities. Fy end 6/87.
	39	35[B]	11.4	(Franchisor) Italian eateries joining takeout trend and expanding delivery and deli services. Refurbishing of units is ongoing; new color schemes. Fy end 3/87.
	55	—	—	(Diverse restaurants) French-style operation serves from-scratch bakery products, soups, gourmet pizzas. Most stores in malls. 7 units under construction. Co. has plans to open in Wash., D.C., L.A.
	14	15	−6.7	(Diverse restaurants) '87 will be big expansion year with 3 new units in Phoenix (Harvey's, Steamer's, Tom's Tavern) and 1—American Grill—in Mesa, Ariz. Will continue joint ventures.
	218	160	36.3	(Lodging) Lots of units, little foodservice. Operates Red Carpet, Scottish and Master Host inns from Va. to Texas. Bought new Master Host Resort, new idea in condos, in '86.
	70	—	—	(Franchisee) Co. operates for the Colonel through the heart of America, Ill. to N.C. KFC franchisee also has 1 full-service restaurant in motel. Splits ad dollars 50-50 between local and national TV.
	15	—	—	(Franchisee) Operates full-service restaurants and coffee shops in 15 hotels (Sheraton, Holiday Inn, Ramada, Radisson, Days Inn and some independents). AUV for "400" newcomer is $2MM.
	58	69	−15.9	(Franchisor) '50s style diners experienced a slow year but were able to reduce expenses by 33%. They will curtail pursuit of new franchisees and concentrate on refining current operations.
	48*	45	6.7	(Recreation) Operates Busch Gardens in Tampa and Williamsburg, Sesame Place in Philadelphia and Explorer Starship cruises. More than 4MM folks took advantage of fun and food in '86.
	24	24	0	(Foodservice mgmt.) Co. handles contracts at hotels, colleges. Reorganized to create retirement housing div. Expansion plans for Ohio Valley, Calif., Sun Belt. Plans to open 1 unit in '87.
	61	64	−4.7	(Full service) Rough year for co. as it comes close to dropping from "400." Will be purchased by Brock Hotel Corp. 7/87. Co.'s Mexican restaurants in Texas, Okla.
	28	22	27.3	(Franchisee) Co. made "400" for first time by posting 12.9% sales increase. Redesigned interiors, exteriors of their Perkins Restaurants. Installed computers to better track costs, sales and orders.
	204	212	−3.8	(Schools) We welcome this thriving district back to "400." Opened 3 units, remodeled 3 units in '86. Wants to open 4, remodel 4 in '87. 89% of meals served are full price.
	138	135	2.2	(Schools) Equipment upgrading, refrigeration, personnel training and staff development all on agenda for '87. Senior citizens, day-care centers also served by organization. Fy end 6/87.
	62	65	−4.6	(Franchisor) 12 units and a $1MM capital expansion investment set for '87. "If you don't love it, you don't pay" ad campaign worked well in '86 for chain. '87 promo: "One bite and we gotcha."
	13	12	8.3	(Diverse restaurants) Among the many concepts under new "400" co.'s roof: Pappas Seafood House, Brisket House Restaurants, The Strawberry Patch. Fy end 1/87.
	32	—	—	(Government institutions) Organization enters "400" by handling central purchasing for all state agencies, including 18 correctional, 9 mental health, 9 park and 5 school. Fy end 6/87.
	55	60	−8.3	(Franchisee) Co. in process of updating stores to fit in with new KFC image. In process of rebuilding and relocating, therefore no expansion planned for now. AUVs in the $500K range.
	78	56	39.3	(Foodservice mgmt.) More than a third of co. revenues come from vending. Also operates in college and B&I markets. Considering expansion east to Pa. Fy end 10/86.
	23	—	—	(Franchisor) Italian chain makes "400" debut. Serves pasta from 20 Pasta Houses and 2 Flamingo Cafes. Also owns Mike Shannon's Steak & Seafood Restaurant. Fy end 9/86.
	32	—	—	(Diverse restaurants) New "400" member no longer saloon co. that serves food. '86 saw heavy emphasis on foodservice. Wants to add 1 unit in '87, 2 in '88. Units in Calif., Colo., Ariz., Neb.
	62	—	—	(Franchisor) Final entry is newcomer to "400," but not to foodservice. Chain of Mexican restaurants in Chicago and nearby cities celebrating 20th birthday in '87. Plans to add 5 units in '87.

400: SEGMENT INDEX

COLLEGES

Organization	'86 sales
California State University Campuses	66.2†**
University of Wisconsin System	50.4†
Michigan State University	40†

DIVERSE FOODSERVICE/LODGING

Organization	'86 sales
Marriott Corp.	5,051.4*
TW Services	2,449.2*
Holiday Corp.	1,638.3*
Shoney's Inc.	1,198
Allegis	732.1†
Carlson Cos.	749.7
Carson Pirie Scott & Co.	465.7*
Nestle Enterprises Inc.	232*
Brock Hotel Corp.	228.6
Bally Manufacturing Corp.	217.4*
Trusthouse Forte Hotels Inc.	170
AIRCOA	95.2*
Days Inns of America Inc.	83.2*
MHM Inc.	75
The Marcus Corp.	74.7
Resorts Intl. Inc.	72*
Amfac Resorts Inc.	45.7*
Wrather Corp.	38
Winegardner & Hammons Inc.	37.8
Spencecliff Corp.	31

DIVERSE FOODSERVICE/MANAGEMENT

Organization	'86 sales
Morrison Inc.	652.2
Sky Chefs Inc.	398
Ogden Allied Services Corp.	370
Greyhound Food Mgmt. Inc.	350
M.W. Wood Ent. Inc.	106.8
Guest Services Inc.	100
Smith and Sons Foods Inc.	43

DIVERSE FRANCHISEES

Organization	'86 sales
Elias Brothers Restaurants Inc.	416
Boddie-Noell Ent. Inc.	298
Po Folks Inc.	295.9
The Riese Organization	290
The Horn & Hardart Co.	256.5**
Shoney's South Inc.	200
Frisch's Restaurants Inc.	187.6
Winners Corp.	152.4
J.B.'s Restaurants Inc.	107.2
The Continental Cos.	94.5
W.B. Johnson Properties Inc.	91.8*
Servico Mgmt. Corp.	85
The Mariner Corp.	75.4
Pizza Mgmt. Inc.	68.2
Interstate Hotels Corp.	68
Calny Inc.	67.8
The Jan Cos.	63.3
U.S. Restaurants Inc.	62**
Buehler-Ruckriegel Inc.	60.3
Atlanta Family Restaurants Inc.	51
Concept Development Inc.	50**
Theo H. Davies & Co. Ltd.	50**
Triple T Hotel Mgmt. Corp.	47.6*
Restaurant Mgmt. Co.	47.4*
Southern Hospitality Corp.	43**
Restaurant Mgmt. Service Inc.	38

DIVERSE RESTAURANTS

Organization	'86 sales
Collins Foods Intl. Inc.	1,057.4
General Mills Restaurant Group Inc.	1,050
Investors Mgmt. Corp.	381
Pizza Inn Inc.	269.7
Restaurant Associates Industries Inc.	197.5*
Specialty Restaurants Corp.	181.1*
Western Steer-Mom'n'Pop's Inc.	171
Walgreens Food Div.	121.1
Trans/Pacific Restaurants Inc.	86.2
Associated Hosts Inc.	81.5
Unigate Restaurants Inc.	79.8
Elby's Restaurants Inc.	75
C.A. Muer Corp.	70
Lettuce Entertain You Ent. Inc.	60**
Prufrock Restaurants Inc.	56*
Lifestyle Restaurants Inc.	55.9
Palm Mgmt. Co.	49.5**
Pancho's Mexican Buffet Inc.	43.1
Restaurants Unlimited Inc.	41
Phillips Seafood Restaurants	40.6
Vall Ent.	40
The Levy Organization	38
Frontier Ent.	37
Brunswick Corp.	35.8
4B'S Restaurants Inc.	32
Vie de France Restaurant Corp.	30
Big 4 Restaurants Inc.	30**
Pappas Restaurant Inc.	28
Grand American Fare	26

FAST FOOD

Organization	'86 sales
White Castle System Inc.	268.5
Chick-fil-A Inc.	181.4
The Krystal Co.	174
Mrs. Field's Cookies	58.7*
Carousel Snack Bars Inc. of Minnesota	45**
Sandwich Chef Inc.	30

FOODSERVICE MANAGEMENT

Organization	'86 sales
ARA Services Inc.	2,632.3†*
Service America Corp.	1,001.9
Delaware North Cos. Inc.	250
Szabo Foodservice Co.	246.7†*
Food Concepts Inc.	225†
The Seiler Corp.	220.2*
Custom Mgmt. Corp.	202.6
Harry M. Stevens Inc.	168
Wom Ent. Inc.	147†
Club Corp. of America	140
dāka	128.9†*
Food Dimensions Inc.	126†
THF-Eastern	93.8†
Professional Food-Service Mgmt. Inc.	82.8†*
TrettCo Inc.	82.5†
Service Master Co., Food Mgmt. Div.	73.3†
Nutrition Mgmt. Services Co.	70**
Universal Services Inc. Intl.	61
Sanese Services Inc.	48.1*
Sands & Co. Inc.	47.6†*

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400: SEGMENT INDEX

FOODSERVICE MANAGEMENT (continued)

Organization	'86 sales
Valley Food Service Corp.	47.2†
Consolidated Coin Caterers Corp.	44**
Southern Cafeteria Co. Inc.	40**
Dietary Consultants Inc.	36†
Corporate Food Services Inc.	30.8†
Allen & O'Hara Inc.	29.2
CVI Service Group Inc.	27

FRANCHISEES

Organization	'86 sales
Harman Mgmt. Co.	140**
Carrols Corp.	120.1
National Pizza Co.	96**
RPM Pizza Inc.	93.5
RTM Inc.	90
Consul Restaurant Corp.	74**
Franchise Ent. Inc.	70
North Central Food Systems Inc.	65
Sybra Inc.	62
Trefz Corp.	58.2*
Twenty-First Century Corp.	58*
Forbco Mgmt. Corp.	55
Wendy's Food Systems Inc.	52
Pizza Hut of Titusville Inc.	50.6
Triton Investment Co. Inc.	48.6*
FMS Mgmt. Systems Inc.	43**
Consumer Food Services Inc.	42**
Country Kitchens of Wisconsin Inc.	36
U.S. Beef Corp.	33
Heidman Inc.	32.9*
Coulter Ent.	32
AIFAM Ent. Inc.	31.7**
United Inns Inc.	31.3
JRN Chicken Stores	30**
Perk Development Corp.	28.4
Tem-Kil Co. Inc.	28**

FRANCHISORS

Organization	'86 sales
McDonald's	12,400
PepsiCo Foodservice Div.	7,335.6
The Pillsbury Co. Restaurant Group	5,500
Wendy's Intl. Inc.	2,747.2
Imasco USA	2,268.8*
International Dairy Queen Inc.	1,723
Domino's Pizza Inc.	1,500
Denny's Inc.	1,335.8
W.R. Grace Restaurant Group	1,243.1*
Arby's Inc.	892.8
Ponderosa Inc.	770
Jerrico Inc.	763.9
Dunkin' Donuts Inc.	648
Foodmaker Inc.	639.5*
Church's Fried Chicken Inc.	577.7
Baskin-Robbins Ice Cream Co.	572.1*
Little Caesar Ent. Inc.	520
VICORP Restaurants Inc.	502.8
USACafes	480
Western Sizzlin' Steak House Inc.	454
A. Copeland Ent. Inc.	415
Carl Karcher Ent. Inc.	344.9**
Rax Restaurants Inc.	328.9
Chi-Chi's Inc.	315**
Carvel Corp.	291.5*
Sonic Industries Inc.	291
IHOP Corp.	264.1
Round Table Franchise Corp.	250
Whataburger Inc.	225
The Ground Round Inc.	225**
Waffle House Inc.	219.5*
Shakey's Inc.	196.9
Chili's Inc.	176
DeNovo Corp.	161*
Mister Donut of America	160.8
A&W Restaurants Inc.	150
Brown Derby Inc.	148
Orange Julius Intl.	147
Doctors Associates Inc.	140
Mr. Gatti's Inc.	131.2
Galardi Group	123.5
Ken's Restaurant Systems	120
Fuddruckers Inc.	118.4
Kettle Restaurants Inc.	114.8
El Chico Corp.	112.6
Mr. Steak Inc.	111.1
Brown's Chicken	108.1*
Del Taco Inc.	105**
Taco John's Intl.	100
Roma Corp.	100**
Pioneer Take Out Corp.	98
Druther's Intl. Inc.	96.9
Skipper's Inc.	94
Astor Restaurant Group Inc.	94**
International King's Table Inc.	93
Consolidated Products Inc.	90.7
Fosters Freeze Intl.	89
Sbarro Licensing Corp.	81.3*
Red Robin Intl.	81
Swensen's Ice Cream Co.	80**
K-Bob's Steak Houses Inc.	77
TCBY Ent. Inc.	71
The Happy Steak Inc.	70.9**
Sonny's Real Pit Bar-B-Q Inc.	68
Taco Time Intl. Inc.	67
Original Great American Chocolate Chip Cookie Co.	63.1*
Arthur Treacher's Inc.	60**
Pantera's Corp.	60
Rocky Rococo	60
International Foodservice Co.	55
Jack's Food Systems Inc.	52**
Peter Piper Inc.	51.7
Victoria Station Inc.	51*
Maid-Rite Products Inc.	45
Schlotzsky's Inc.	45
Noble Roman's Inc.	45
Pizza King Franchises Inc.	45*
Standard Oil	43.4*
MTC Mgmt. Inc.	42.6
Dino's USA Inc.	40
Sirloin Stockade Intl.	40
Rowntree MacKintosh	40**
Bobby Rubino's Place for Ribs USA Inc.	39**
Jerry's Systems Inc.	38
Elmer's Pancake & Steak House Inc.	38**
Huddle House Inc.	38
David's Cookies	36.5*
Bresler's 33 Flavors	35.8**
Taco Tico Inc.	35
Brigham's Inc.	35
LaRosa's Inc.	34
Arctic Circle Inc.	33.7
Happy Chef Restaurants	32.5
Olga's Kitchen,Inc.	32
Clock Restaurants Inc.	32*
Casa Olé Restaurants & Cantinas	31.5
Valentino's	30
G.D. Ritzy's	29.9
Numero Uno Franchising Corp.	28
The Pasta House Co.	27
Pepe's Inc.	26

*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est.; (R) revised

400: SEGMENT INDEX

FULL SERVICE

Organization	'86 sales
Friendly Ice Cream Corp.	536.5
Piccadilly Cafeterias Inc.	225**
Bob Evans Farms Inc.	220
Luby's Cafeterias Inc.	215.1
Wyatt Cafeterias Inc.	195
Braum Ice Cream & Dairy Stores Co.	118.8*
Ryan's Family Steak Houses Inc.	105
Papa Gino's of America Inc.	104.1
Lyon's Restaurants Inc.	90.1
Benihana of Tokyo Inc.	75
Bill Knapp's Michigan Inc.	69.6*
Cracker Barrel Old Country Store Inc.	68
McFaddin Ventures	66.7
Magic Pan	60
Famous Restaurants Inc.	60
Rusty Pelican Restaurants Inc.	59.8
Sea Galley Stores Inc.	58.7
Eat'N Park Restaurants Inc.	56
Bobby McGee's USA Inc.	55**
Campbell Soup Co.	54.3*
Seafood Broiler Restaurants	51
K&W Cafeterias Inc.	45.3
International Onion	45
Trader Vic's	42.6*
MCL Cafeterias	42**
Houston's Restaurants	42*
Hamburger Hamlets Inc.	41**
Legal Sea Foods Inc.	38
OSF Intl.	35.6
Seafood Shanty Restaurants	35
Shari's Mgmt. Corp.	34**
Spire's Restaurants	33.2
The C&C Organization	31.3
Monterey House Inc.	29
Grand American Fare	26

GOVERNMENT INSTITUTIONS

Organization	'86 sales
U.S. Dept. of Agriculture, Food & Nutrition Service	3,215.5†
California Dept. of Corrections	155.9†
Baltimore Bureau of Purchases	145.6†
City of New York, Dept. of Procurement	143.1†
State of Oklahoma Central Purchasing	126†
New Jersey Dept. of Human Services, Food Industries	112.6†
Illinois Dept. of Central Mgmt. Services	99.8†
Commonwealth of Virginia	97†
California Dept. of Rehab, Business Ent. Program	90.9†
State of Missouri Div. of Purchasing	74†**
U.S. Dept. of Justice, Federal Prison System	72.8†
New York State Office of Mental Health	70†
State of Rhode Island Purchasing Div.	59.9†**
North Carolina Dept. of Administration	58.8†**
Dept. of Public Welfare-Commonwealth of Pennsylvania	56†**
Indiana Dept. of Administration; Procurement Div.	53.2†**
State of Connecticut, Purchasing Dept.	50.4†**
State of Wisconsin	50.4†**
New Jersey Dept. of Corrections	47.6†**
Ohio Dept. of Rehabilitation & Correction	46†
U.S. Army Medical Dept.	45.1†
California Dept. of Developmental Services	44.8†
Ohio State Dept. of Mental Health	44.8†
State of Washington Government Institutions	40.6†
New York State Office of Mental Retardation	40.3†
Pennsylvania Dept. of Corrections	39.7†
State of Louisiana, Office of Purchasing	39.2†
Texas Dept. of Mental Health & Mental Retardation	35.9†
State of Kansas Div. of Purchasing	33.6†
Texas Dept. of Corrections, Food Service Dept.	30.8†
Maryland Dept. of General Services	30.8†**
State of Tennessee General Services	30†
State of Tennessee, Dept. of Corrections	28†

HEALTH CARE

Organization	'86 sales
National Medical Ent. Inc.	280.5†
Beverly Ent.	280†**
Hospital Corp. of America	273.5†**
Veterans Administration	264.8†[B]
National Purchasing Corp.	249.5†
Hospital Purchasing Services	135.8†
Unicare Health Facilities Inc.	126†
Veterans Canteen Service	104†
Adventist Health System	99†
Metropolitan Chicago Healthcare Council	91†
HRI-Purchase Connection	78.4†
Humana Inc.	78.2†*
American Medical Intl. Inc.	64.2†*
New York City Health and Hospitals Corp.	53.8†
Health Care Services of New England	50.4†
Florida Dept. of General Services	44.8†
The Evangelical Lutheran Good Samaritan Society	42.5†
AmeriNet/Intermountain Health Care	33.6†
U.S. Naval Medical Command	30.6†
U.S. Air Force Medical Service	30.5†

LODGING

Organization	'86 sales
The Sheraton Corp.	1,251.8*
Hilton Hotels Corp.	930.6*
Ramada Inns Inc.	737.9*
Hyatt Hotels Corp.	681.8*
Quality Inns Intl.	441.9*
Inter-Continental Hotels Corp.	381*
Omni Hotels Corp.	150.4
Prime Motor Inns	145*

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*R&I estimate. **company est. †commercial equivalent. (A) former data included non-foodservice sales. (B) adjusted method in reporting figures. (C) franchisees' sales est. (R) revised

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LODGING (continued)

Organization	'86 sales
Hyatt Intl. Corp.	127
Red Lion Inns	125
Caesar's World Inc.	119
Rodeway Inns Intl. Inc.	99*
The Registry Hotel Corp.	92.6
Loews Hotels	85.6
Doubletree Inc.	85
Princess Hotels Intl.	72.8*
Summa Corp.	66.9*
Del E. Webb Hotels	58*
Helmsley Hotels	56.5*
Fairmont Hotel Co.	50*
Lincoln Hotels	45
Adam's Mark Hotels	43.7
Americana Hotels Corp.	41.8*
Cox Hotel Corp.	35
The Boyd Group	34.9*
Sonesta Intl. Hotels Corp.	34.4*
Atlas Hotels Inc.	32
Rosewood Hotel Group	31
The Management Group Inc.	30**
Hospitality Intl. Inc.	30**

MILITARY

Organization	'86 sales
U.S. Navy Food Service Systems Office	809.6†
U.S. Army Clubs and Recreation	715.1†
U.S. Army Troop Support Agency	700.8†
Army & Air Force Exchange Service	496.9†
U.S. Air Force Open Mess System	409.8†
U.S. Air Force	329.6†
U.S. Navy Officer's and Enlisted Mess System	222.4†
U.S. Marine Corps	206.6†
U.S. Coast Guard	56.8†**
U.S. Marine Corps Military Clubs Branch	39†

RECREATION

Organization	'86 sales
Walt Disney Co.	274.9
Harcourt Brace Jovanovich Company	48.7
Busch Entertainment Corp.	29.3*

RETAIL

Organization	'86 sales
The Southland Corp.	875.9*
K mart Corp.	646.2*
F.W. Woolworth Co.	175*
The Circle K Corp.	144.9*
Navy Resale and Services Support Office	125.5†
Dayton Hudson Dept. Store Co.	70
Convenient Food Marts	69.7**
May Dept. Stores	62.7*
McCrory Stores	52**
Carter Hawley Hale Stores Inc.	50
Munford Inc.	31*

SCHOOLS

Organization	'86 sales
New York City Board of Education	222.7†
Los Angeles Unified School District	165.5†
Chicago Public Schools	97.1†
Houston Independent School District	53†**
Dade County Schools	52†
State of Hawaii School Foodservice	41.6†
Dallas Independent School District	40.6†
School District of Philadelphia	37.5†
Fairfax County Public Schools	28.2†
Hillsborough County School Board	28.1†

TRANSPORTATION

Organization	'86 sales
Eastern Airlines	286.8†
Trans World Airlines Inc.	275†
Northwest Orient Airlines Inc.	112†
AMTRAK	55**

*R&I estimate. **company est. †commercial equivalent.
(A) former data included non-foodservice sales.
(B) adjusted method in reporting figures.
(C) franchisees' sales est. (R) revised

Original New York Seltzer
Vintage '86

Original New York Seltzer:

CLEARLY...AWARD WINNING TASTE!

THE PLACE: Vintage '86 International Trade Show in Vancouver Canada; totaling 800 exhibitors.

THE CONTEST: 298 beverages square off fizz to fizz, flavor to flavor in a "double blind" taste test.

THE WINNER: When the bubbles had cleared, Original New York Seltzer had captured one gold, two silver, and three bronze medals.

ORIGINAL NEW YORK SELTZER CO. WALNUT, CA 91789 © 1987

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ALPHA LIST

1986 "400"

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A&W Restaurants Inc.	112
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Adam's Mark Hotels	299
Adventist Health System	155
AIFAM Ent. Inc.	366
Air La Carte (see Ogden Allied Services Corp.)	
AIRCOA	162
Allegis	28
Allen & O'Hara Inc.	388
American Festival Cafe (see Restaurant Associates Industries Inc.)	
The American Grill (see Big 4 Restaurants Inc.)	
American Medical Intl. Inc.	222
Americana Hotels Corp.	311
AmeriNet/Intermountain Health Care	355
Amfac Resorts Inc.	285
Amsterdam's Bar & Rotisserie (see Astor Restaurant Group Inc.)	
AMTRAK	252
Annabelle's (see Campbell Soup Co.)	
Antonio's Pizza (see The Levy Organization)	
Applebee's (see W.R. Grace Restaurant Group)	
Apple Farms (see J.B.'s Restaurants Inc.)	
ARA Services Inc.	7
Arby's Inc.	21
Arctic Circle Inc.	354
Army & Air Force Exchange Service	41
Arthur Treacher's Inc.	234
Associated Hosts Inc.	184
Astor Restaurant Group Inc.	165
Atlanta Family Restaurants Inc.	263
Atlas Hotels Inc.	361
Bakers Square Restaurants (see VICORP Restaurants Inc.)	
Bally Manufacturing Corp.	89
Baltimore Bureau of Purchases	116
Baskin-Robbins	37
Bay Street (see The Pillsbury Co. Restaurant Group)	
Benihana of Tokyo Inc.	193
Bennigan's (see The Pillsbury Co. Restaurant Group)	
Beverly Ent.	65
Big 4 Restaurants Inc.	382
Big Boy Restaurants (see Marriott Corp.)	
Big Wheel (see Consolidated Products Inc.)	
Bill Knapp's Michigan Inc.	211
Bishop Buffets (see K mart Corp.)	
BK Root Beer Drive-Ins Inc. (see DeNovo Corp.)	
The Black-eyed Pea (see Prufrock Restaurants Inc.)	
Blimpie (see Astor Restaurant Group Inc.)	
Boardwalk (see Harcourt Brace Jovanovich Co.)	
Bob Evans Farms Inc.	87
Bobby McGee's USA Inc.	253
Bobby Rubino's Place for Ribs USA Inc.	328
Boddie-Noell Ent. Inc.	58
Bojangles' Chicken & Biscuits (see The Horn & Hardart Co.)	
Bonanza Family Restaurants (see USACafes)	
Bonkers (see Victoria Station Inc.)	
The Border Cafe (see Astor Restaurant Group Inc.)	
Borel Restaurant Corp. (see Nestle Ent. Inc.)	
The Boyd Group	350
Brasserie (see Restaurant Associates Industries Inc.)	
Braum Ice Cream & Dairy Stores Co.	137
Bresler's 33 Flavors	344
Brigham's Inc.	346
Brisket House Restaurants (see Pappas Restaurant Inc.)	
Broadway Dept. Stores (see Carter Hawley Hale Stores Inc.)	
Brock Hotel Corp.	77
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The C&C Organization	368
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Caesar's World Inc.	136
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California Dept. of Developmental Services	295
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Part II: Menu Concepts

JULY 22, 1987

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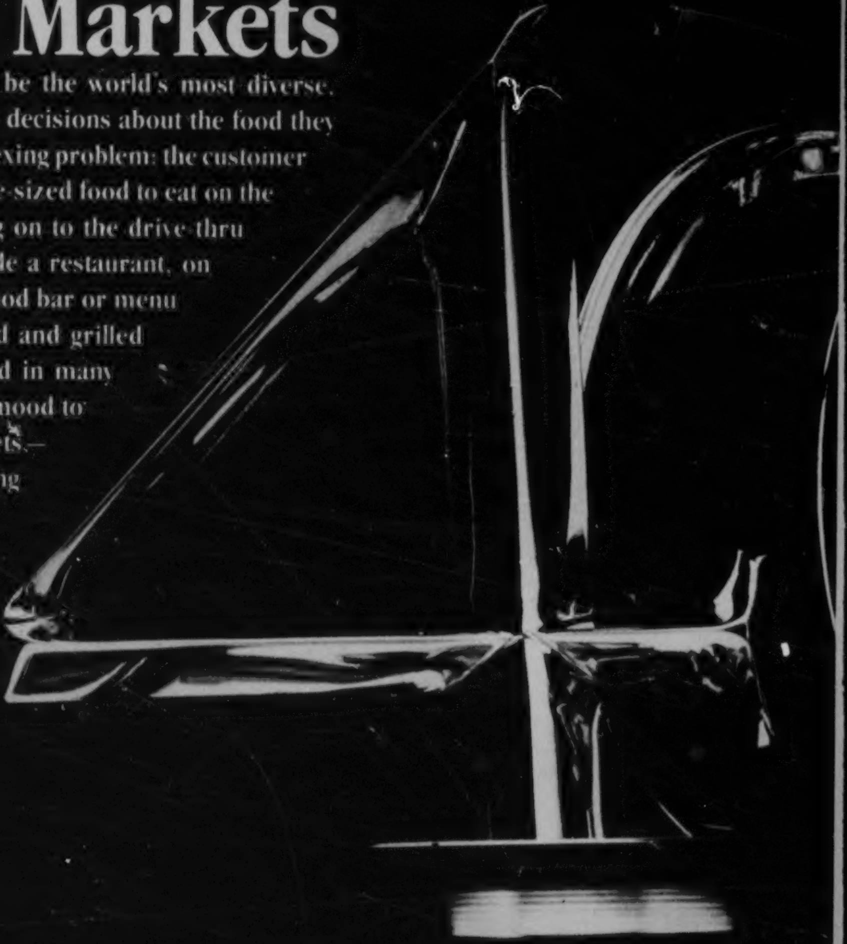
OVERVIEW

R&I '400,' Part II: Menus and Markets

Although American menus continue to be the world's most diverse, restaurant companies are making tough decisions about the food they serve. In doing so, they cope with a perplexing problem: the customer who seems to want it all. Looking for bite-sized food to eat on the run, restaurant customers are catching on to the drive-thru and carryout crazes. When they go inside a restaurant, on the other hand, they may well expect a food bar or menu bursting with choices. Similarly, broiled and grilled foods strike a nutrition-conscious chord in many customers – except when they're in the mood to slip back to fried. Our survey of markets – from fast-food concepts to employee dining – shows the blurring of lines between operational categories that used to be distinct. Military foodservice and schools borrow concepts from fast-food chains: *(continued)*



RESTAURANTS & INSTITUTIONS

GUIDE TO *R&I* '400,' PART II

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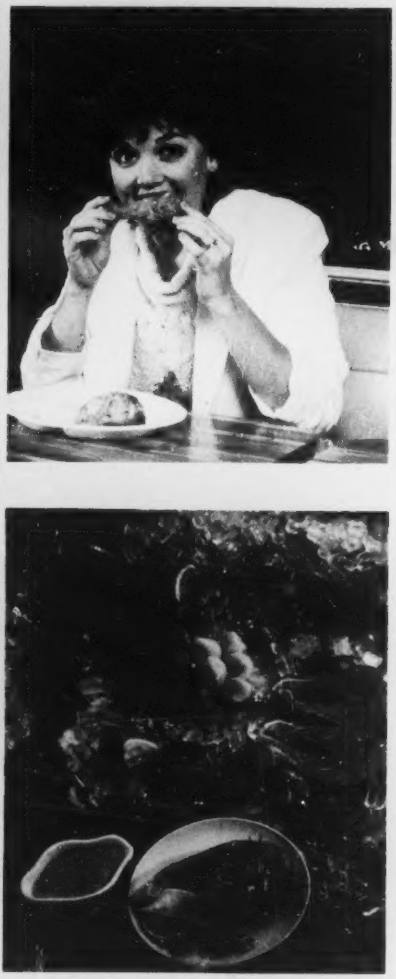
400: OVERVIEW

Marketing Menus Is Part of the Restaurant Business

Food bars, carryout and delivery put food in the hands of restaurant customers.



Broiled and grilled chicken is coming on strong, but many people still love it fried (top). The American public eats 14.7 pounds of seafood per year (above).

a hotel manager sees a way to adapt an item on a theme dinner house menu; the dinner house chains, in turn, get some of their ideas from independents.

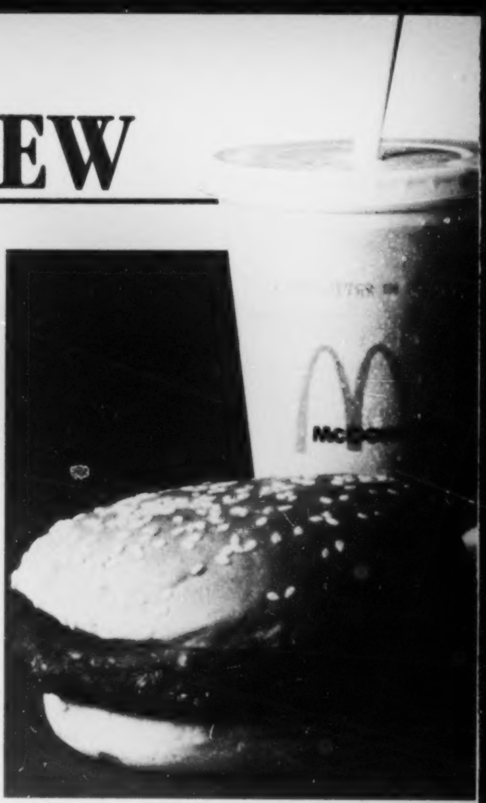
The hamburger segment, led by the No. 1 foodservice company, McDonald's, illustrates some of these trends. Today, the burger chains are making certain that new menu offerings fit through a car window. Joining bite-sized chicken pieces are miniature hamburgers; Burger King calls its version Burger Bundles. Also right for the drive-thru trade are McDonald's packaged salads, the climax of 10 years of testing.

That doesn't mean the full-sized burger has vanished. Wendy's fans are being treated to the Big Classic, a deluxe version of the chain's mainstay. Even gourmet burgers are still in the picture—notably, Fuddruckers' "dress it yourself" burgers.

Customers can pluck chicken off a burger chain menu or head for a specialist, such as Kentucky Fried Chicken. There they'll discover, as in the case of burger bundles, that small is beautiful—to the delight of customers, KFC's new Chicken Little sandwiches sit squarely on tiny buns.

By broiling, baking and grilling chicken, Church's Fried Chicken and Mrs. Winner's are trying for some of the good-nutrition points won by competitors such as El Pollo Loco, which serves marinated and grilled, Mexican-style chicken. Even companies sticking with fried are beginning to publicize the kind of oil they use. Finally, the proliferation of side dishes (examples: Spanish rice, mashed potatoes with gravy) has added to the fun of the chicken companies' nutrition race.

Seafood is undergoing a similar identity crisis, as grilled and broiled menu alternatives catch on. Another healthful dish is seafood simmered in heavy ceramic pots, an offering of Big Splash, the Benihana spinoff. To lighten up fried seafood, which many customers still prefer, Long John Silver's and Skipper's Seafood 'n Chowder House are using a light breading in place of a heavier, tempura-style batter.



Still on top, McDonald's continues to sell billions of burgers each year.

A fish is a fish is a fish, believe seafood customers, who are showing a surprising willingness to try unfamiliar species such as *opaka paka*. Increased availability of farm-raised fish also is expanding the choices, and one ambitious company, Legal Seafoods, has even launched the first mail-order seafood business that delivers the product fresh.

There's nothing fishy about Taco Bell's new seafood salad, served in a fluted tortilla shell. For hearty appetites, the Double Beef Burrito Supreme is the right pick. Bucking the trend for somewhat bland, anyone-can-eat-it Mexican fare is Taco John Intl., which sells a more highly spiced product.

Crusty, freshly baked bread helps keep the enthusiasm going for an American tradition, the sandwich. Flexing their marketing muscles, sandwich shops also are installing bars heaped high with sandwich toppings, pasta and salad ingredients.

The steakhouse chains also have demonstrated the potential of the food bar, pushing it beyond salad ingredi-

ents to include hot casseroles, vegetables, ice cream and more. Finding that they can't compete with the 75-item bar that is becoming standard, a few companies have pulled back. Mr. Steak's family-style salad, like McDonald's prepackaged salads, puts limits on what customers can eat.

Although they've added chicken and seafood to menus, steakhouses also are beginning to promote their own basic resource—beef, naturally!—as red meat rebounds from the dip in popularity of recent years.

As for barbecue, takeout is hot and carryout is warming up. Bobby Rubino's even sells Grill-Ready Ribs, seasoned, frozen and ready for grilling at home.

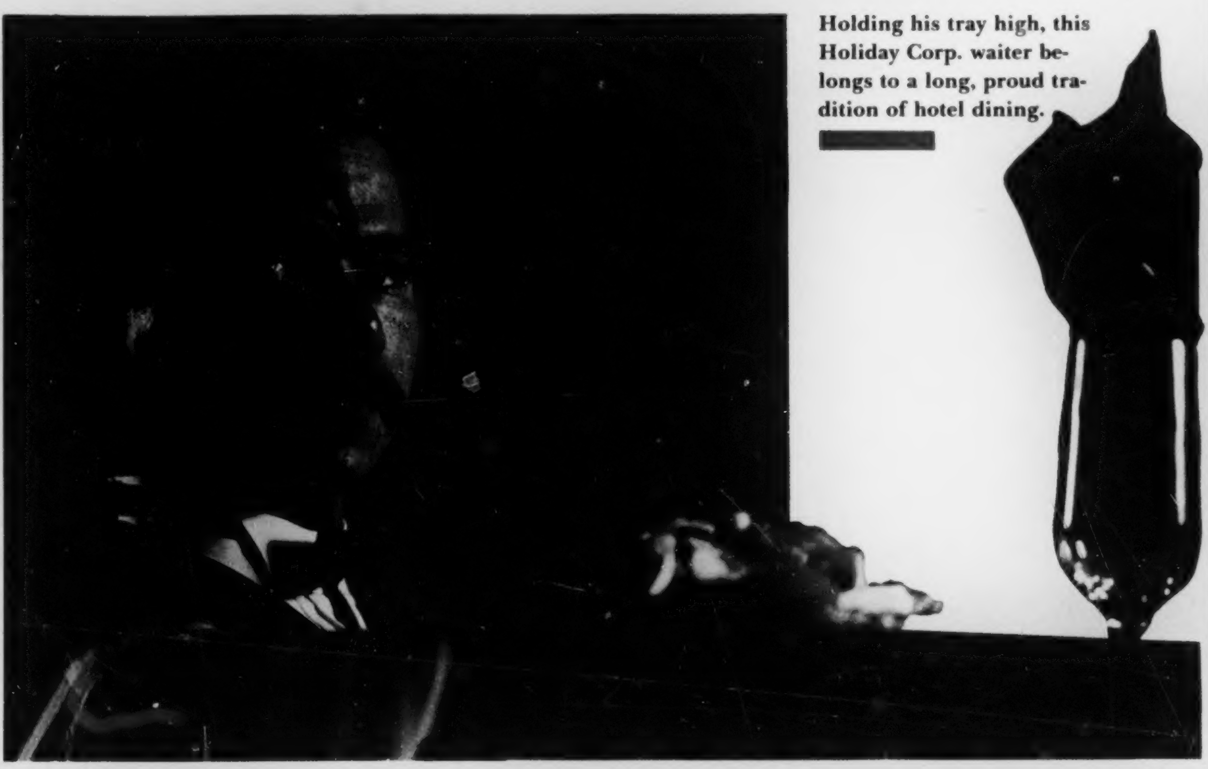
Pizza operations are thinking along the same lines, looking closely at Domino's 30-minute delivery guarantee and Pizza Hut's 5-minute Personal Pan Pizza. At Little Caesars, pizza stations offer a no-wait lunch.

One of the most rapidly growing segments, pizza is taking shape in several new ways—the individual turnover known as a calzone and the double-crust pizza pie are becoming more popular. Winner of the prize for most adventurous concoctions is Shakey's, which is selling seafood pizza and testing cheeseburger and barbecue chicken variations.

Sweeter than ever are the profits earned by International Dairy Queen's Blizzard, now being marketed also as a pie. Tastee Freez and others have come out with their own versions. To strengthen what has been an extremely limited menu niche, some companies are capitalizing on their name recognition by marketing sweets in supermarkets, as well as branching out into sandwiches and salads.

Sliced thin or thick, pizza remains one of the strongest segments.

400: OVERVIEW



Holding his tray high, this Holiday Corp. waiter belongs to a long, proud tradition of hotel dining.

As institutions learn how to sell a hot concept, they're looking more commercial.

Theme dinner house chains have mastered many of the tricks that once made independent operators unique: creating and promoting signature menu items, selling varietal wines by the glass and putting customers ahead of systems, to name a few. Nor does size necessarily slow down the action—Bennigan's, for example, can produce a new menu item in just four months, from conception to rollout.

Creative imitation is also a strength of dining operations in the hotel and motel segment, which looks both to independent and chain restaurants for ideas on how to serve great food in casual surroundings. Marriott's new American Favorites menu shows the virtues of combining provocative food ideas with attractive pricing.

Cafeterias continue to serve a predominantly older clientele, but their homemade, moderately priced food could—with the right marketing job—have growing appeal to other groups, especially young families. Already, some chains are sprucing up a somewhat stodgy image by borrowing menu items, such as chicken teriyaki, from theme dinner houses.

Cafeterias may be in a steady state, and many department stores are getting out of foodservice, but the country's convenience stores are clearly on a roll. C-stores are even moving onto university campuses, selling microwavable sandwiches, drinks and yogurt, and taking business away from dorm cafeterias.

The wall between commercial and institutional menus is crumbling, as foodservice contractors adopt concepts that compete directly with commercial operations for glamour, flavor and a good nutritional profile. ARA's Treat Yourself Right and Restaura's Countdown to Wellness menus are just two examples of menu marketing savvy on the institutional side. Signature items are another growth area. Canteen's Bigger Better Biscuits are selling so well that a similar experiment with pizza is planned.

A more aggressive approach to marketing is also evident in The Army & Air Force Exchange Service's switch from deals with commercial franchises to developing its own brand-name marketing concepts for pizza, submarine sandwiches and hot dogs.

Gourmet meals can be an excellent marketing tool for hospitals, especially in areas with an affluent population and strong competition among healthcare facilities. On the other hand, the Hospital Corp. of America has abandoned its restaurant-style menus and, with cost containment in mind, is returning to cycle menus.

A final, moving note: To the joy of railroad nostalgia buffs, Amtrak is experimenting with a revival of old-fashioned opulence in its dining cars—travelers may soon be eating brook trout while traveling through Colorado, Chicken Hacienda on a California trip, and homey crockpot meals on shorter runs.

—Toni Lydecker and Lisa Bertagnoli

400: BURGERS

Burger Companies Cautious about New Menu Offerings

After playing roulette with rollouts, fast-food companies are taking time with product introductions.

In the early 1980s, hamburger chains ran wild with menus. Aside from McDonald's, famous for decade-long product tests, the top burger purveyors tested, rolled out then pulled back a variety of menu items.

The big companies now are repackaging certain menu items in an effort to save labor and attract new and different customers. Prepared and packaged salads, for instance, are replacing salad bars because the bars proved labor-intensive and useless to drive-thru customers, who are providing more and more fast-food sales. Bite-sized chicken pieces and smaller hamburgers packaged in a variety of quantities accommodate patrons who like to snack between meals.

The nation's rising interest in nutrition is also contributing to changes in the fast-food universe. Both McDonald's and Burger King recently began frying all fried products except french fries in vegetable oil. McDonald's added milk to previously non-dairy shakes and soft-serve ice cream. Hardee's and Wendy's advertise the leanness of their hamburger meat.

The gourmet burgers fad was strong enough to launch scores of companies, but not strong enough to sustain them all. The surviving companies, including Fuddrucker's and Red Robin, are adding more chicken, fish and salads to menus. Executives at both companies, however, say hamburgers remain their menu mainstay.

MCDONALD'S

While the rest of the hamburger world rolled out salad bars a few years ago, McDonald's patiently tested—both in labs and in the field—pre-packaged salads.

After nearly a decade of such tests, in mid-May, the world's biggest chain finally rolled out five salads. Chef, Chicken Oriental, Garden and Side salads are available in all U.S. stores, while Shrimp salads are available in some markets.

Because of the careful consideration McDonald's bestows on each menu possibility, the chain never will set fast-food trends. Nor does it want to. "We always will offer a limited menu," executives stressed at McDonald's annual meeting, held May 15 at headquarters in Oak Brook, Ill. The company waits trends out, and follows up on the ones that seem to stick.

Most of the products introduced over the last year simply are variations on existing menu offerings. McNuggets served with Oriental sauces, chopsticks and a fortune cookie carried the name Chicken McNuggets Shanghai, and constituted the company's most successful promotion of last year. Sausage and eggs enhance a new variety of McMuffin, also rolled out last year. Three types of biscuits were rolled out with the Sausage McMuffin with Egg, adding a new angle to the chain's breakfast program.

The company will not allow several ideas to die. The McRib sandwich, made with a new sauce and designed to be less messy, is being used as a promotional sandwich in the South.

BURGER KING

Burger King attributes its 12% sales growth to the company's "have it your

McDonald's racked up $12.4 billion with a limited menu and carefully considered new products.

BURGER
KING
®

Burger King repackaged burgers into bundles for snacking customers.

way" style of burger cookery. And the Whopper continues to be the chain's best-selling item. Burger King, however, refuses to rest on menu laurels, and continues to roll out new products.

Last year saw the introduction of Burger Bundles, one-ounce hamburgers that come three and six to a package. Burger King terms the bundles "remarkably successful," in part because they are supported by the new "The Best Food for Fast Times" ad campaign.

When Chicken Tenders first entered stores, the accompanying ads proved so compelling that stores ran out of the product. The ads were pulled until Burger King produced enough Tenders to meet demands. The deep-fried chicken portions come six, nine or 12 to the box, and are served with horseradish, barbecue or sweet-and-sour sauce.

Like several fast-food burger chains, Burger King also is testing pre-packaged shrimp, chef, garden, pasta and side salads that may replace salad bars.

Burger King continues to add convenience to its breakfast menu. The company rolled out A.M. Express, a line that includes French Toast Sticks and the Great Danish, and complements the Croissan'wich. A cinnamon-raisin biscuit is in test in Atlanta company-owned stores. The biscuits come in one-, two- or six-packs.

WENDY'S

The Big Classic hamburger and Crispy Chicken Nuggets, both introduced in 1986, have been given most of the responsibility for enhancing Wendy's sales.

The new hamburger, introduced in September, represents a return to the basics for the 3,727-unit hamburger chain. The quarter-pound burger, topped with pickles, onions, tomatoes, lettuce and condiments, is served on a corn-dusted kaiser roll.

Crispy Chicken Nuggets, rolled out in the spring of 1986—shortly after the chicken club sandwich—are designed to attract more families and children, according to Wendy's. The nuggets come six, nine or 20 to the package, and are priced between $1.29 and $3.99.

In their desire to promote the new lunch- and dinner-time products, Wendy's executives have shifted their focus away from the breakfast program. Breakfast is now available in about 14% of company stores and 24% of franchised stores. The breakfast menu remains an option for managers, and tests continue on breakfast-product variations.

CARL'S JR.

In 1986, Carl's Jr. stores switched from a rehydrated potato product to a frozen version of the real thing. Now, "Great

Wendy's Big Classic debuted in the fall.

Wendy's
BIG
Classic

BURGER LEADERS

1 **McDONALD'S (1)**
Sales: $12,400MM
Units: 9,410

2 **BURGER KING**
Pillsbury Restaurant Group (3)
Sales: $4,400MM
Units: 4,743

3 **WENDY'S**
Wendy's Intl. (6)
Sales: $2,747.2MM
Units: 3,727

4 **HARDEE'S**
Imasco USA (9)
Sales: $2,268MM*
Units: 2,822

5 **CARL'S JR.**
Carl Karcher Ent. (54)
Sales: $344.9MM**
Units: 433

6 **SONIC IND. (61)**
Sales: $291MM
Units: 958

7 **WHITE CASTLE SYSTEM INC. (70)**
Sales: $268.5MM
Units: 222

8 **GROUND ROUND INC. (82)**
Sales: $225MM*
Units: 194

9 **WHATABURGER INC. (81)**
Sales: $225MM
Units: 365

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400: BURGERS

BURGER LEADERS

10 **THE KRYSTAL CO. (102)**
Sales: $174MM
Units: 237

11 **FUDDRUCKERS (138)**
Sales: $118.4MM
Units: 105

12 **DRUTHERS INTL. INC. (160)**
Sales: $96.9MM
Units: 155

13 **RED ROBIN INTL. (186)**
Sales: $81MM
Units: 47

14 **ORIGINAL HAMBURGER STAND**
Galardi Group Inc. (132)
Sales: $65MM
Units: 65

15 **JACK'S FOOD SYSTEMS INC. (260)**
Sales: $52MM**
Units: 97

16 **HAMBURGER HAMLETS INC. (314)**
Sales: $41MM**
Units: 24

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Prepared, packaged salads are replacing salad bars, which ignore drive-thru customers.

Stuff" baked and topped potatoes, as well as french fries are hot sellers at all 437 restaurants.

After upscaling units and hiking prices for several years, Carl's Jr. has decided to return to the days when it was a no-frills hamburger stand. The new potatoes, a simpler breakfast menu, a chicken club and barbecue chicken sandwich, and a self-serve beverage bar complement the menu mainstay, charbroiled hamburgers.

The Chicken BBQ Sandwich received the American Heart Association's "Dine to Your Heart's Content" seal of approval, due to its low cholesterol content.

Products in test include a self-serve sundae bar. For $1.49, customers can dress ice cream with a variety of toppings.

HARDEE'S

To Hardee's, repositioning means offering product consistently better than the competition's. So when the company reintroduced its quarter-pound hamburger, steps were taken to practically guarantee its quality.

The hamburgers are gently cooked on a topsided grill, which locks in the juices, according to Hardee's. That process, and the fact that the hamburgers are made of 100% American beef, provide the substance for the chain's product advertising.

Hardee's attributes 28% of its sales to its Rise and Shine biscuits. Eggs and a choice of sausage, bacon or chicken-fried steak patty are served on a biscuit that is made from scratch.

The company is in the process of rolling out seafood, chef, garden and side salads, which should be in half the stores by the end of the summer. This summer also will see the rollout of vanilla, chocolate and vanilla-chocolate swirl soft-serve ice cream. Strawberry,

Hardee's engineers invented a top-sided grill to cook the company's revamped burger. The burger consists of all-American lean beef.

Fuddruckers
"The World's Greatest Hamburger"

Fuddruckers, one of the gourmet burger survivors, has added more chicken and salads to the menu, and is testing complete table service in some units.

hot fudge and hot caramel sundaes round out the ice-cream offering.

WHITE CASTLE

White Castle joined the industrywide effort to attract more children with Castle Meals. "We offer more choices," says Gale Turley, vice president of marketing. For 99 cents, kids 12 and under get a hamburger or cheeseburger, french fries and a soft drink or shake.

The 222-unit chain is testing breakfast sandwiches in Columbus, Ohio, and Cincinnati. The sandwiches consist of cheese, egg and sausage or ham on a hamburger bun. Columbus stores offer formed bacon as an alternative to sausage or ham. Stores in Minnesota continue to test a turkey sandwich.

FUDDRUCKERS

Fuddruckers plans to dispel the effects of the depressed Southwestern economy with an updated menu.

The 106-unit chain continues to offer dress-it-yourself gourmet burgers as its signature item. In late 1986, the company introduced "Specialty Burgers," ⅓-pound and ¼-pound burgers topped with a combination of cheese, mushrooms and bacon. The specialty burgers, plus a new menu design, has increased check averages from $4.53 to $5.12, the company reports.

A seasoned and grilled whitefish sandwich, introduced in March, boosts the non-red-meat section of the menu. Fajitas are now available in Fuddruckers stores in Texas, and three new salads were rolled out in several markets.

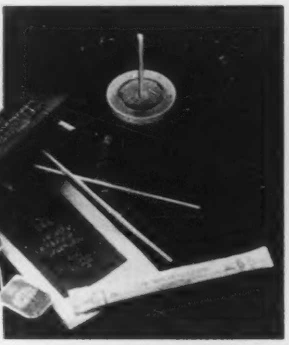
On the dessert side, the chain continues to test freshly made pies and ice cream and sundaes, shakes and malts. The company says those items will not roll systemwide unless they prove profitable and simple to prepare.

RED ROBIN INTL.

Red Robin, like other surviving gourmet burger chains, is rolling out a variety of menu items to appeal to more customers. Hamburgers, however, remain Red Robin's best-selling menu item.

One of the company's most ambitious projects is its first-ever summer menu, created by Jim West, vice president of food and beverage. The menu, a 10-inch-by-17-inch die-cut pineapple wearing sunglasses, features two signature salads. The first is a tropical fruit salad, served in a pineapple boat; the second is a seashell pasta salad. Chilled soups, salads served in tomatoes, avocados and papayas, bagels, ice cream floats and tropical fruit drinks with or without alcohol round out the menu.

The menus and table tents feature a new style of photography, according to John McRae, vice president of marketing. "We're making a new and dramatic approach to our menu items," he says. The newly photographed items rarely are plated, and the photos play up fruits and vegetables. "After the dark and heavy burgers, we needed a change," McRae says.



SOMETHING TO SQUAWK ABOUT

These days, hamburger chains pay as much attention to chicken as they do to beef. McDonald's reported that Chicken McNuggets Shanghai, served with a fortune cookie and chopsticks, constituted its biggest promotion of 1986. Wendy's Crispy Chicken Nuggets rollout eclipsed its breakfast rollout. Burger King ran out of Chicken Tenders during the item's first week on the menu, forcing the company to pull ads for the product while it stepped up production of the Tenders. Hardee's tested nuggets in six company stores, but will pull the item, probably in deference to the chain's popular chicken sandwich, introduced in 1981.

Crispy Chicken Nuggets
Wendy's

400: SANDWICHES

All Noshing Aside, Food Bars Are in at Sandwich Shops

Customers have their pick of side dishes to accompany a variety of innovative sandwiches.

Walk into just about any sandwich operation and you can sidle on up to the bar—salad bar, that is. And this year, do-it-yourself patrons will be able to help themselves to pasta buffets at Rax, potato salad, coleslaw and other deli delights at Schlotzsky's, and a tempting sandwich-toppings bar at Roy Rogers.

Unlike a visit to one of the popular hamburger restaurants, the customer's choice is not always set on a slight variation of the hamburger, soda and fries menu. In opting for a sandwich shop, the consumer shows a desire for an alternative, and sandwich operations are pleased to accommodate. The popularity of food bars is directly attributed to the wish for choice and self preparation, as well as to the customer's perception that food-bar selections represent unusually good value.

Despite the success of the food-bar trend, the basic sandwich still reigns supreme and operations are concentrating on upscaling sandwich offerings. Chicken clubs and French bread pizzas are popping up on many sandwich shop menus. Bread, the mainstay of the sandwich, is receiving the attention it deserves: several operations bake their own daily and others offer unusual varieties such as pita and sourdough.

On close inspection, the companies profiled in this segment all show different formulas for success. However, the No. 1 rule of foodservice, meeting customer demand, is shown in each through the astute attention paid to what works, what doesn't and the willingness to act quickly on the trends.

ARBY'S INC.

Arby's roast beef sandwich remains the company's hottest-selling item, reinforcing the old maxim that "If it ain't broke, don't fix it." In this case, that means that although the company is constantly evaluating current products and testing for new items, nothing takes precedence over maintaining the quality of their primary money maker. Two new versions of the roast beef sandwich will be introduced this year, but details are still under wraps.

The company is also adding pre-packaged salads to menus in 1987. The line includes chef, garden and shrimp salads. The chef has a mix of turkey, ham, cheese, boiled eggs, tomatoes and cucumber; the garden consists of cheese, boiled eggs, cherry tomatoes, lettuce, cabbage and cucumbers; and the shrimp features boiled eggs, tomatoes and cucumbers in addition to shrimp. Three other pre-packaged salads—pasta, chicken and spinach—are being tested for possible addition to the 1987 menu. Where successful, units will certainly continue soup and salad bar service, but the pre-packaged variety, available for orders to go, may replace salad bars in many operations; drive-thru service accounts for 40% of sales at Arby's.

The company also reports that the Philly Beef 'N Swiss on a poppy seed roll and the roast chicken club, new this year, are doing well.

ROY ROGERS

Although roast beef sandwiches are still a popular item, chicken and burgers now lead in sales. The "What a Taste!" campaign of 1986 was used to introduce chicken nuggets and new kid's meals, and August was "Chicken Month." Special promotion of chicken products paid off handsomely and fried chicken is a current best seller. Biscuits accompany all chicken dishes as well.

Roy Rogers burgers have a special

At Arby's, roast beef sandwiches are the name of the game. The poppy seed bun adds the final touch to this appetizing RB selection.

Chicken is the big seller at Roy Rogers, but roast beef is holding its own.

appeal. Patrons are free to design their own gourmet hamburger by taking advantage of the Fixins' Bar, which offers lettuce, onions, pickles, tomato and two sauces, tangy dill mustard, and hot and spicy salsa.

RAX RESTAURANTS INC.

The new marketing position, "Fast Food with Style," is well backed by the appealing array of dishes offered by this sandwich operation. Rax has truly taken advantage of the salad bar trend.

The Salad Plus Pasta Bar has 40 traditional salad items, including lettuce, vegetables, beans and several dressings, plus a pasta bar open after 4 p.m. weekdays and all day on weekends. The pasta bar offers four hot pastas; spaghetti, shells, rotini with vegetables and rainbow rotini; three hot sauces, alfredo, marinara and meat sauce; garlic bread; and two soups.

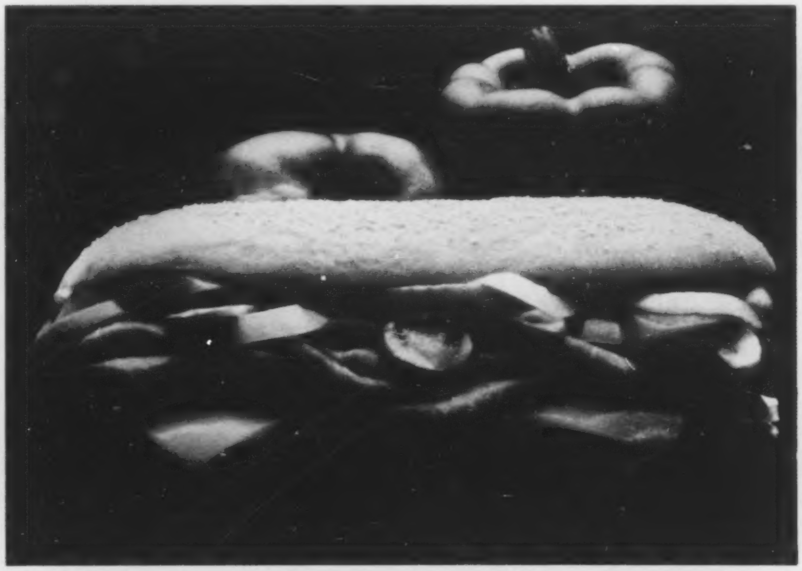
Patrons can go south of the border by heading to the end of the buffet where the makings for Mexican meals are found. Warm nacho chips, tortillas, hot beef, cheese sauce, refried beans and guacamole are just a few of the items offered. The company is currently testing a sundae bar, complete with all the toppings, to tempt those who still have a little room left for dessert.

In addition to the Salad Plus Pasta Bar, the traditional roast beef sandwich and the new Philly Beef and Cheese are hot items. A chicken sandwich may be added as well as pre-packaged Salads-To-Go for drive-thru customers.

STEAK N SHAKE INC.

Variation on a good theme is the key to success for this steak-burger shop. There are four sandwiches under the Steak and Toppings category: the Philadelphia; Cheddar and bacon; mushroom and Swiss; and Mexican, which boasts chili peppers, taco sauce, diced tomatoes, lettuce, corn chips and a ranch dressing.

Grilled sandwiches are offered under the Melts heading. The Patty Melt has



Philadelphia steak sandwiches are a popular item in many sandwich shops. Rax's version, the Philly Beef and Cheese, is served on a long, sub-like bun.

LEADING SANDWICH CHAINS

1 **ARBY'S (21)**
Sales: $892.8MM
Units: 1,760

2 **ROY ROGERS**
Marriott Corp. (4)
Sales: $450.1MM*
Units: 552

3 **RAX (56)**
Sales: $328.9MM
Units: 512

4 **A&W RESTAURANTS (112)**
Sales: $150MM
Units: 550

5 **SUBWAY SANDWICHES**
Doctor's Associates (121)
Sales: $140MM
Units: 987

6 **WIENERSCHNITZEL**
Galardi Group (132)
Sales: $123.5MM
Units: 331

7 **CARROLS CORP. (134)**
Sales: $120.1MM
Units: 138

8 **ASTOR RESTAURANT GROUP INC. (165)**
Sales: $94MM**
Units: 265

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400: SANDWICHES

LEADING SANDWICH CHAINS

9 **STEAK N SHAKE**
Consolidated Products Inc. (173)
Sales: $90.7MM**
Units: 107

10 **MAID-RITE PRODUCTS INC. (290)**
Sales: $45MM
Units: 127

11 **SCHLOTZSKY'S INC. (292)**
Sales: $45MM
Units: 200

12 **CAROUSEL SNACK BARS INC. OF MINNESOTA (293)**
Sales: $45MM**
Units: 315

13 **TOGO'S EATERY**
MTC Mgmt. Inc. (305)
Sales: $42.6MM
Units: 101

14 **SANDWICH CHEF INC. (378)**
Sales: $30MM
Units: 184

15 **DANVER'S**
Shoney's South Inc. (93)
Sales: $5MM
Units: 16

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What makes a sandwich great? Fresh produce, lean meats and breads hot from the oven.

SUBWAY
SUBWAY
SUBWAY
SUBWAY

Submarine sandwiches from Subway keep appetites whetted. Turkey, ham, roast beef, salami, tuna, the list goes on; it's a meal in itself.

two steak burgers with American cheese and onion on rye; the Frisco Melt is a steak burger, American and Swiss with a tangy sauce on a grilled sourdough bread; and a ham and Swiss steak burger on rye also is available.

New items for 1987 include a ham sandwich on a toasted bun and a special breakfast menu promotion. Customers have their choice of eight breakfast combinations for $1.99.

DOCTOR'S ASSOCIATES (SUBWAY SANDWICHES)

People get a craving for a good sub sandwich from time to time, and Doctor's Associates certainly has the cure. The basics include roast beef, turkey, ham, genoa salami, bologna and pepperoni, generously complemented with a choice of onions, peppers, cheese, lettuce and tomato. It's a mix and match proposition tailored to individual tastes, and the bread, freshly baked white or wheat, adds the final touch.

The biggest seller is the BMT (Biggest, Meatiest, Tastiest), which consists of ham, genoa, pepperoni and bologna. Also popular is the Subway Club, a traditional offering of roast beef, turkey and ham. For diet-conscious customers, both the BMT and Subway Club are available in salad form, known as the Antipasto and Subway Chef. Like the sandwiches, salads are prepared to order. Tuna and Seafood Crab subs also are big sellers.

New products are being tested for possible addition to the 1987 menu. Of those items, chicken salad and Chicken Cordon Bleu hold great potential. The latter consists of grilled white meat, cheese and vegetables.

SCHLOTZSKY'S INC.

The big draw at Schlotzsky's is the "Original" sandwich. The signature item features ham, salami and another choice of meat, any two cheeses (from a choice of Cheddar, mozzarella or Parmesan), tomatoes, marinated olives and lettuce served hot on a sourdough muffin. The muffins, baked from scratch daily, have an appealing texture, with nooks and crannies to catch the melted cheeses. Other sandwich offerings include the Philly, which was added in 1986, roast beef, several cheese sandwiches and turkey breast served hot or cold, all on the fresh sourdough bread.

Schlotszky's deli and salad bar offers a wide variety of sides, including coleslaw, potato salad and assorted pastas in addition to regular tossed greens and their accompaniments. Two Chef Francisco soups are offered every day.

The news in 1987 is a round French bread pizza baked on the signature bread. Pepperoni or plain cheese varieties are offered on dough rounds six or eight inches in diameter. So far, the results are good; the pizza already accounts for 8% of total sales.

—Beth Gotschall

400: CHICKEN

Chicken Chain Sales Strong, but Menus Getting Lighter

The cry to stay fried has given way to non-fried chicken items, seafood alternatives and lighter sides.

For several years, chicken chains have reaped the benefits of the public's perception that chicken is more nutritious than other meat items. From 1980 to 1985, chicken consumption increased 17.5%, meaning that the average American was consuming 57 pounds of chicken in 1985. More than one-third of the chicken is purchased at foodservice establishments, and that percentage is on the rise, according to Bill Roenigk, economist for the National Broiler Council.

As recently as last May, the chicken chains claimed that they did not need to worry about serving chicken any other way than fried. Marketing representatives said that people already saw chicken as a healthful product and that it was unnecessary to introduce non-fried items. Perhaps it is because of the new beef and pork advertising, which emphasizes nutrition, or because people are just more leery of fat in foods, but chicken moguls are moving away from fried in a big way.

Kentucky Fried Chicken: One of the world's most familiar brand names.

Kentucky Fried Chicken
Tomato Catsup
KENTUCKY FRIES
The Colonel's Corn on the Cob

Last spring, Kentucky Fried Chicken spokesperson Billie Brown said, "We have not been adversely affected by the new health attitudes." But now KFC is test marketing oven-roasted chicken. Church's Fried Chicken President Richard Sherman said, not so long ago, "We've looked at non-fried chicken products, but we don't feel anyone has mastered them yet." Church's just added mashed potatoes as a non-fried side item and "Classic Broiled" chicken with one-third fewer calories than fried chicken.

It may be, as Mrs. Winner's Marketing Director Steve Gendreau says, "not so much new attitudes among our current customers, but a whole new group of customers." This group wants a choice of skinless, lower-fat chicken and side-dish alternatives.

As a result of these changes, broiled, roasted and grilled chicken were the successful new items in 1986 and bound to be in 1987 as well. Chicken nuggets, so popular for four years, have slacked off; in fact, Popeyes discontinued the item in favor of a seafood alternative.

Menu diversification has been a key for many chicken chains' success, attracting new customers and increasing sales. Church's spicy chicken was a move to add variety to the menu. Sisters Chicken and Biscuits introduced catfish sandwiches last year. Popeyes claims one of its menu advantages is the variety of side dishes, ranging from red beans and rice to fried onion rings.

Chicken chains also pump up business with promotions. Chicago area-based Brown's heavily promotes a dial-one-number catering service. Popeyes' Houston units ran a quiz contest with a local radio station.

KENTUCKY FRIED CHICKEN CORP.

The leading chicken chain, which joined PepsiCo in October 1986, has one of the most widely recognized brand names in the world. Since KFC opened in the '50s, there has been little departure from its basic fried chicken menu fare. Despite claims that it was unconcerned about "all the health talk," however, KFC test marketed an oven-roasted chicken item in 1986.

KFC is trying to expand its customer base with non-fried foods and light

RESTAURANTS & INSTITUTIONS

COLESLAW
A GREAT NEW TASTE!
LOVE THAT CHICKEN!
from Popeyes
OPEN HERE

Popeyes' little chicken sandwiches are competing with KFC's Chicken Littles.

meal and snack alternatives. The company also plans to increase its emphasis on lunch-time items in an effort to increase its already dominant chicken chain market share and to prevent McDonald's from making any more inroads into the chicken arena.

Its rollout of one-ounce 39-cent Chicken Little sandwiches sometime this summer should help move KFC in this direction. The sandwiches are square, breaded chicken patties on small buns, flavored with the Colonel's "15 secret herbs and spices."

The Kentucky roasted chicken—a chicken quarter marinated and sprinkled with a special seasoning mix—is now being tested by KFC's oldest franchisor, Harman Management. The aim is to compete with the El Pollo Asado and El Pollo Loco chains.

KFC also has replaced Kentucky fries with shoe-string potatoes and is testing home delivery with a central phone number.

CHURCH'S FRIED CHICKEN INC.

Menu variety is the key to Church's marketing strategy, says Dorian W. Gibbs, senior vice president of operations. Spicy chicken and mashed potatoes with gravy, introduced in 1986, were chosen for their compatibility with other Church's products.

Customers readily accepted spicy chicken. The company found that mashed potatoes with gravy, added as a side item, traveled well for its many takeout customers.

The newest menu item is Classic Broiled Chicken, which Church's claims has one-half the fat and one-third fewer calories than the fried chicken. The item was added in response to market research that indicated a definite demand for a non-fried product. It was tested successfully in San Antonio, and the company already has begun an expanded test in three additional markets.

POPEYES

Popeyes dropped its nuggets in 1986 and replaced them with Cajun Popcorn, baby shrimp fried in batter and served with several sauces. The shrimp was tested in 1985 and the rollout was completed in 1986. The company's side dishes—onion rings, red beans and rice, and dirty rice—have proven very lucrative.

Currently Popeyes is testing little chicken sandwiches, an effort to compete with KFC's new Chicken Littles. Spicy Cajun Fried Chicken and Popeyes biscuits continue to be the most popular items. A barbecued chicken sandwich satisfies customers who want non-fried chicken. Dirty rice, and red beans and rice, technically side dishes, are often ordered as main dishes with biscuits."

LEADING CHICKEN COMPANIES

1 KENTUCKY FRIED CHICKEN CORP.
PepsiCo (2)
Sales: $3,500MM
Units: 6,575

2 CHURCH'S FRIED CHICKEN INC. **(36)**
Sales: $577.7MM
Units: 1,532

3 POPEYES
A. Copeland Ent. Inc. (47)
Sales: $415MM
Units: 656

4 BOJANGLES' CHICKEN AND BISCUITS
Horn & Hardart Co. (73)
Sales: $256.5MM**
Units: 325

5 GRANDY'S INC.
Marriott Corp. (4)
Sales: $230MM
Units: 200

6 CHICK-FIL-A INC. **(98)**
Sales: $181.4MM
Units: 345

Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year; unit figures represent the number of units open as of 1/1/87. *R&I estimate **company est. †commercial equivalent ©1987 *Restaurants & Institutions*, a Cahners publication.

400: CHICKEN

LEADING CHICKEN COMPANIES

7 **MRS. WINNER'S**
Winner's Corp. (110)
Sales: $116MM
Units: 170

8 **BROWN'S CHICKEN (144)**
Sales: $108.1MM*
Units: 158

9 **PIONEER TAKEOUT CORP. (157)**
Sales: $98MM
Units: 290

10 **SISTERS RESTAURANTS**
Wendy's Intl. Inc. (6)
Sales: $54MM
Units: 68

11 **EL POLLO LOCO**
Denny's Inc. (13)
Sales: $44.5MM
Units: 59

12 **LEE'S FAMOUS RECIPE CHICKEN**
Shoney's Inc. (16)
Sales: $20.5MM
Units: 268

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Broiled, roasted and grilled chicken items appeal to the health-conscious crowd.

CHICK-FIL-A INC.

This is one chicken chain that is unconcerned about adding a nonfried chicken product. Its basic menu items are boneless chicken breast sandwich, chicken nuggets, breast of chicken, soup, salad and desserts. The hottest-selling chicken item continues to be the chicken sandwich, a breast of chicken on a hot buttered bun. Waffle fries introduced last year caught on right away and have continued to sell well.

New product horizons in 1986 included a 40% larger chicken nugget and a walnut brownie. In 1987 a "kid's size," 10-oz. soft drink will be added along with Nuggets Meal for Kids. The meal, which includes six nuggets, waffle fries, soft drink and a child's premium, performed very well in consumer tests, with 98% of the mothers and children rating it as good or better than competitive children's meals.

Chick-fil-A's successful marketing campaign continues to be "Taste It. You'll Love It For Good"; free nuggets or cut-up breast fillets are handed out to shoppers walking past the mall units.

EL POLLO LOCO

El Pollo Loco was the first to introduce chicken marinated in fruit juices, spices and herbs, grilled over an open fire. Last year it won approval of the American Heart Association and was admitted to the AHA "Dine to Your Heart's Content" program in February 1986. To announce their participation, El Pollo Loco units place special heart-shaped decals next to menu items.

This year also saw the addition of two new menu items. Spanish rice, made with long-grain rice, green and red bell peppers, toasted onions, tomatoes and celery, contains only 100 calories per serving. Side dish orders increased by 10% during testing of the product. It is now an AHA approved item and company officials feel it is a good complement to the menu.

The other item successfully tested was a frozen, dairy-based dessert flavored with pineapple. The new product adapts well to standard soft-serve machines. The company plans to offer the item to Los Angeles and Orange county markets.

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Chick-fil-A is sticking to fried.

Chick-fil-A
WafflePotato Fries
Chick-fil-A

400: CHICKEN

On the side, chicken-loving customers are eating salads, baked potatoes and beans.

Mrs. Winner's

Jumping on the health bandwagon, Mrs. Winner's has introduced Thinner Dinner Salads as a partner to baked chicken.

MRS. WINNERS

The baked chicken introduced by Mrs. Winners in 1985 was only the first step towards a thinner menu. Step two in the company's nutrition and diet-conscious program began in 1986, with the introduction of a line of Thinner Dinner Salads. The major challenge was convincing consumers the product fits the fried chicken and biscuits image of Winner's.

Steve Gendreau believes the salads are a natural follow-up product to the baked chicken. The salads come in three varieties: shrimp and crab, chicken and tossed salad. They are served in edible tortilla bowls, adding to the visual presentation. The product was first tested in November 1985 in Baton Rouge, La.

The next step in the "Thinner Campaign" is an introduction of a hoagie-like sandwich served on a sesame roll. Varieties will include lettuce and tomato, smoked ham and turkey, and the traditional bacon, lettuce and tomato. They will be positioned as lighter lunches, an extension of the Thinner Dinner Salads.

The newest item to be added to Winner's units is a boneless breast of chicken, marinated and baked without the skin, introduced in the summer of 1985. New equipment was installed to accommodate this popular item.

PIONEER TAKE OUT CORP.

To please the health-conscious consumer, Pioneer has posted signs in all its units, telling customers that its chicken is fried in pure vegetable shortening. The company is also testing lighter items.

Testing of breakfast items continues, as well as testing of baked potatoes and rotisserie chicken. Biscuit sandwiches, chicken fillet and chicken-fried steak served with country gravy, introduced in 1985, have been well accepted.

LEE'S FAMOUS RECIPE CHICKEN

Not to be outdone by the larger fried chicken chains, Lee's is in the process of testing several potential menu items, including sandwiches of roast and barbecued chicken, designed to bolster lunch and drive-thru business. Neither sandwich is fried, giving Lee's menu a broader appeal.

Roast chicken, a 1985 rollout, continues to appeal to nutrition-conscious consumers. —***Nancy Backas***

WHO HAS THE LIGHTEST CHICKEN?

The chicken chains are clamoring to increase their customer base by adding light chicken items and non-fried side dishes. Here is a sampling of the lighter items chains are adding.

Kentucky Fried Chicken: oven-roasted chicken, a chicken quarter marinated and sprinkled with a special seasoning mix

Church's: classic Broiled Chicken with one-third the calories and one-half the fat of fried chicken

Popeyes: barbecued chicken sandwich, with sides of red beans and rice or dirty rice

Chick-fil-A: fried chicken cooked in pure peanut oil; salad is offered as a side dish.

El Pollo Loco: Non-fried chicken has earned approval of the American Heart Association.

Mrs. Winner's: Thinner Dinner Salads and sandwiches and a boneless, skinless chicken breast

Pioneer Take Out Corp.: chicken fried in vegetable oil

Lee's: roast chicken and barbecued chicken sandwiches

400: MEXICAN

The Battle Heats Up Outside California

The West Coast market may be saturated with Mexican chains, but other states are nowhere near full.

The Mexican-food chains nationally represent a $2.3 billion segment. Of that, PepsiCo's indomitable Taco Bell commands more than half the market share.

The 2,400-unit chain is five times larger than its nearest competitor. In a five-year period, it went from 1,397 units to more than 2,400. The number of units of all the other Mexican quick-service and dinner house operations listed together here do not add up to the Bell ringer's count. Taco Bell's 1986 sales topped $1.3 billion. Total sales of the 16 other chains listed were $1.669 billion.

In the dinner house group, El Torito and Chi-Chi's lead the pack. The 10-year-old Chi-Chi's has weathered a transition period under new President Hal Smith, and is a heavy contender behind El Torito for a better-than-average-share of the Mexican dinner house market, which is just beginning to crest across the country.

The battle for market share is intensifying, however. California has seen a saturation of Mexican eating places, says Del Taco President Wayne Armstrong. So competition there will be heavier with more advertising, new product promotions and couponing.

Nationally, it's a different story. Many markets outside California are nowhere near saturation, from a Mexican-food standpoint. For some chains, average unit volumes are higher outside California because Mexican food is still a scarce commodity.

TACO BELL

In the last three years, Taco Bell has introduced seven major new products, which have accounted for more than one-third of all dollar sales. The seafood salad, served in a fluted tortilla shell, is relatively new in Mexican quick service and is attracting an ever-increasing contingent of diners looking for lighter fare. The double beef burrito supreme, directed to heartier appetites in the 18- to 45-year-old age bracket, has upped burrito sales by 50%.

More recently, the chain took a fling with fajitas in the Southeast, promoting a steamed soft taco wrapped around sliced steak, onions, shredded cheese, lettuce, and salsa.

EL TORITO

The Mexican dinner house chain is trying to shake its former dependency on liquor sales by boosting its food business, promoting lighter beverages such as the Margarita Lite, and featuring exhibition cooking in certain units.

Margaritas account for 50% of total liquor sales and more than 20% of total food and beverage sales. Fajitas represent 11% of sales and tostadas, 5%. No other items account for more than 5% of total volume. The company is adding more salads and other lighter fare to step up its lunch business, which accounts for about 30% of sales. Its new El Torito Grill features Southwestern (versus Sonora style) cooking.

TACO VILLA

Tacos are by far and away the biggest sellers in both Taco Villa and Del Taco operations, where the basic menu fare features a la carte and complete dinner offerings.

But its most significant and successful promotion was for the Super Duper, the popular taco salad which won the hearts of health-minded customers.

The company is testing an ice cream dessert and preparing to roll out its grilled chicken fajitas with a lot of advertising fanfare later this year.

EL CHICO

Dallas-headquartered El Chico Corp. pioneered Tex-Mex cuisine in Texas when owners Macario and Adelaida Cuellar opened a tamale stand at a county fair in Kaufman, Texas, in 1926.

Today, El Chico serves 15.5 million customers a year. It sells nearly 11 million fresh enchiladas annually, and uses 1.1 million pounds of fresh pinto

PepsiCo's Taco Bell is five times larger than its nearest competitor.

RESTAURANTS & INSTITUTIONS

Chi-Chi's added ice-cream sundaes in an effort to revitalize the menu.

beans and 2,100 tons of tostados.

During 1986, the company introduced Pechugas, a higher-priced selection of grilled chicken-breast dishes, along with a number of new appetizers and a flan custard dessert. As a result, the per person check average increased from $5.85 to $6.21.

CHI-CHI'S

Chi-Chi's menu is getting a much-needed boost with items like the Fiesta Platter, which was introduced this year. Grilled beef, chicken and seafood plates also sell well. The research and development department is testing a seafood platter that may appear on the menu later this year. Also under the microscope are a number of grilled combination platters.

Chimichangas, however, still remain Chi-Chi's signature dish and its best-selling item. The chain is emphasizing freshness and fresh-prepared foods in an effort to "revitalize" its menu.

DEL TACO

Standard items still sell well in the units of Costa Mesa, Calif.-based Del Taco. But company President Wayne Armstrong reports that the company has just introduced the first of several dinner combination plates that can be easily microwaved or reheated for take out. Del Taco also has tested soft tacos and began introducing them into the system this past May.

The heavy competition among Mexican eating places, says Armstrong, requires that the company go heavy with new product promotions and maybe some discounting.

TACO JOHN INTL.

Taco John's is noted for having a considerably zestier product than its competitors. Its niche, says Vice President of Marketing Arthur Becker, is one for higher spiced, less expensive, authentic Tex-Mex food.

Becker is mum on new product testing, stating that competitors copy their menu winners as fast as Taco John introduces them, citing the soft shell taco as an example. The soft shell taco accounts for about 10% to 12% of sales. The new Super Taco Salad, made with beef, beans, olives, onions, guacamole, racks up 4% to 5% of sales. Becker notes, too, that standard offerings such as chimichanga and churro, a dessert item, also are very popular.

TACO TIME

In a health-conscious society, this Mexican fast-food chain upped its customer count 8% last year largely on the strength of its fried items. The deep-fried crisp burrito was the hottest seller, closely followed by tostadas and chimichangas.

Taco Time expects to try some new menu items in the coming year, including a marinated chicken dish, some upscale beef items and possibly a Mexican version of pizza. But Marketing Director Joseph Fredericks says a misstep with chicken nuggets, pulled from the menu last year, has made the company cautious about introducing products that another outlet already does well.

Instead, Fredericks says, the chain will design new products so that customers associate them specifically with

TOP MEXICAN-FOOD COMPANIES

1 **TACO BELL**
PepsiCo (2)
Sales: $1,300MM
Units: 2,500

2 **EL TORITO**
W.R. Grace (15)
Sales: $411.4MM
Units: 196

3 **CHI-CHI'S (57)**
Sales: $315MM
Units: 199

4 **TACO VILLA**
W.R. Grace (15)
Sales: $126.8MM
Units: 210

5 **EL CHICO (140)**
Sales: $112.6MM
Units: 102

6 **DEL TACO**
W.R. Grace (15)
Sales: $105MM**
Units: 186

7 **TACO JOHN (152)**
Sales: $100MM
Units: 403

8 **NAUGLES**
Collins Foods Intl. (17)
Sales: $95.9MM
Units: 170

9 **CALNY INC. (216)**
Sales $67.8MM
Units: 158

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400: MEXICAN

TOP MEXICAN-FOOD COMPANIES

10 TACO TIME INTL. (217)
Sales: $67MM
Units: 223

11 TACO BUENO
Unigate Restaurants Inc. (188)
Sales: $55.2MM
Units: 107

12 GARCIA'S OF SCOTTSDALE
Famous Restaurants (230)
Sales: $48MM
Units: 31

13 PANCHO'S MEXICAN BUFFET (301)
Sales: $43.1MM
Units: 42

14 ACAPULCO RESTAURANTS
Restaurant Associates Inc. (94)
Sales: $41.9MM
Units: 29

15 TACO TICO (349)
Sales: $35MM
Units: 108

16 CASA LUPITA
Ponderosa (24)
Sales: $29.3*
Units: 25

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Desserts, grilled chicken, beef and seafood complement usual Mexican fare.

the chain. That way, those items become "natural advertising" when they are finally introduced.

TACO TICO

Most of the action at this fast-food chain centered around store design this year, as the company continued to remodel existing units and began adding drive-thrus to some of the stores. According to Finance Director Gary Simmons, Taco Tico plans to invest another $2 million in the ongoing capital expansion drive in 1987.

In menu matters, the company is testing chicken in a few stores and may sell it chainwide in 1987. But Taco Tico seems really more comfortable with upgraded versions of its present strong sellers, such as a super deluxe version of its burrito. A fajita platter was pulled after poor customer response last year: Simmons wonders whether the item is losing its "heat" or just hasn't caught on in Taco Tico's Southeastern and Midwestern market.

—Barbara Magan Dawson
—Brian J. Quinton

Casa Lupita's new offerings include seafood kebabs and grilled chicken.

400: SWEETS

Creating Menus Sweet Enough to Eat

Fresh markets and menu additions are building new profit centers for dessert specialists.

Through a mix of strategies that includes aggressive marketing, smart acquisitions and expanded menus, companies specializing in sweets are stretching the boundaries of what has been, traditionally, one of the most limited niches.

Some companies have attempted to increase profits either by selling their already recognized products (such as David's frozen cookie dough) through other channels or by licensing the company name (such as Mrs. Fields' chocolate sodas) to other manufacturers. In either case, the products reach consumers through supermarket distribution and become a brand new profit center.

As in other segments, companies continue to acquire businesses whose products will mesh with their own. For example, International Dairy Queen acquired Karmelkorn Shoppes and Mrs. Fields' announced an intention to buy La Petite Boulangerie from PepsiCo.

Moving into new segments provides another way to combat slowed growth in current markets. Bresler's 33 Flavors has opened two joint-venture units with Taco John's and is planning another with a major convenience-store chain. Foster's Freeze has moved to increase revenue by opening up full-service restaurant units and has made a public stock offering to pay for any further expansion.

For all companies, continued product development is an important and ongoing process. Swensen's has increased its non-ice-cream offerings to keep profits coming in all day and all year long. This year's additions include croissant sandwiches, gourmet salads and a grilled chicken sandwich. Tastee Freez is attempting to cash in on Dairy Queen's success with the Blizzard by offering a similar product called a Freezee.

Even companies such as The Original Great American Chocolate Chip Cookie Company have gone beyond the limits of their names by adding new cookie flavors, brownies and granola bars. Throughout the sweets segment, the name of the game this year is more—more products, more units, more profits.

INTERNATIONAL DAIRY QUEEN

For the larger companies in this segment, continued expansion of menus and locations is often more pressing than for newcomers. Because IDQ's Blizzard (soft-serve mixed with the customer's choice of fruit, cookies or candy) is especially hot right now (18% of all sales last year), the company decided to expand on the trend and has added a Blizzard Pie.

At the same time, IDQ has come out with a Chocolate Mountain novelty bar and is renewing efforts to build sales of its Queen's Choice premium hard ice cream. On the hot food side of the menu, a quarter-pound hot dog is new this year. Products in test markets in-

Dairy Queen's Blizzard is a long-running feature attraction.

400: SWEETS

TOPS FOR SWEETS

1 **INTERNATIONAL DAIRY QUEEN (10)**
Sales: $1,723MM
Units: 5,513

2 **DUNKIN' DONUTS (33)**
Sales: $648MM
Units: 1,539

3 **BASKIN-ROBBINS ICE CREAM CO. (37)**
Sales: $572.1MM*
Units: 3,311

4 **FRIENDLY ICE CREAM (38)**
Sales: $536.5MM
Units: 829

5 **CARVEL CORP. (60)**
Sales: $291.5MM*
Units: 870*

6 **MISTER DONUT (108)**
Sales: $160.8MM
Units: 622

7 **TASTEE FREEZ**
De Novo (107)
Sales: $103.2MM
Units: 430

8 **FOSTER'S FREEZE (176)**
Sales: $89MM*
Units: 210

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Testing, testing: Many new flavors, both sweet and savory, were tried out this year.

clude Q-Bob, a broiled beef or chicken product on a skewer.

IDQ is also moving to combine the advantages of its original Dairy Queen concept with those of the recently acquired Karmelkorn Shoppes. The new Dairy Queen Treat Center will sell items from both product lines at shopping mall locations. Holders of existing Karmelkorn franchises will have the option of converting their units to the dual concept, providing that they do not enter direct competition with an existing Dairy Queen franchise.

DUNKIN' DONUTS

Coffee and doughnuts, as the name implies, are still primary drawing cards at this company's 1,500-plus units, but they are no longer the whole story. Croissants and croissant sandwiches have been a big profit booster, both for breakfast and in the slower afternoon and evening hours. Bagels, which have the look if not the taste of doughnuts, also have been added in some locations, and biscuits have been tested in the Southwest.

As for beverages, freshly roasted, ground and brewed coffee always has been important, but now customers can enjoy the same quality minus the caffeine with Dunkin' Decaf. The company has taken part in the cola war skirmishes by switching its allegiance to Pepsi fountain products.

Dunkin' Donuts also has made its first move outside of the fast-food arena this year by forming a subsidiary, Dunkin' Ventures, which has the exclusive rights to Chili's restaurants in New England, upstate New York and eastern Canada.

BASKIN-ROBBINS

Business for this company continues to revolve around ice cream and new flavors remain a constant. This year, the product line was extended, with the addition of waffle cones, dry toppings and hot drinks. What Baskin-Robbins is most excited about, though, is its International Creams. These are premium ice creams which, while developed in the United States, are identified with European countries and have the allure of imports. They sell for 15% to 20% more than the regular flavors. Flavors include Chocolate Raspberry Truffle (British), Grand Marnier and Brandied Cherries Flambe (both French).

DUNKIN' DONUTS
DUNKIN' DONUTS

Biscuits and bagels may soon be standard fare at Dunkin' Donuts.

The company also seems to realize that what you have added today may not meet consumer demands of tomorrow, so frozen yogurt and cookies are being test marketed in selected areas. An estimated 86 new units are scheduled to open by year's end, with advertising support coming more from regional promotions than from any major national campaign.

MISTER DONUT

Mister Donut expanded [illegible] product line in the past year by adding a number of coffee rolls, muffins, brownies and cookies to augment the basic line of doughnuts and coffee. The company is also working on a soft-serve ice cream test with a Minneapolis neighbor, International Dairy Queen. Unit expansion will continue this year with the development of franchises in the Atlantic seaboard states and within Canada's Maritime Provinces. Experimentation with new unit design, drive-thru windows, non-counter service and satellite

400: SWEETS

TOPS FOR SWEETS

9 **BRAUM ICE CREAM (137)**
Sales: $118.8MM*
Units: 180*

10 **SWENSEN'S (187)**
Sales: $80MM**
Units: 350

11 **ORIGINAL GREAT AMERICAN CHOCOLATE CHIP COOKIE CO. (224)**
Sales: $63.1MM*
Units: 406

12 **MRS. FIELDS' COOKIES (240)**
Sales: $58.7MM*
Units: 285

13 **DAVID'S COOKIES (339)**
Sales: $36.5MM*
Units: 200**

14 **BRESLER'S 33 FLAVORS (344)**
Sales: $35.8MM**
Units: 325

15 **KARMELKORN SHOPPES**
International Dairy Queen (10)
Sales: $32MM*
Units: 234

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Supermarket distribution and international franchises help pump up sales figures.

locations such as kiosks also will continue.

TASTEE FREEZ

DeNovo Corp. operates four concepts in the sweets category: Dog 'n Suds (50 units); Dairy Isles (55 units); BK Root Beer Systems (57 units); and Tastee Freez (430 units). Although the company remains committed to the first three, Tastee Freez is certainly the most important concept.

Spurred by the success of arch rival Dairy Queen's Blizzard, Tastee Freez has come up with its own mixture of soft-serve ice cream and candy, fruit or other toppings. Based on its cup count, the company estimates that the Freezee accounted for $2.5 million in sales in 1986.

During the past year, customer counts throughout the chain have remained steady, but the company has had to fight to maintain that level through coupons, discounting and other marketing weapons.

DAVID'S SPECIALTY FOODS

Originally called David's Cookies, this company took on a new name to reflect a major change in direction. The in-store product line was expanded to include—in addition to cookies—David's French Bread and French Bread Pizza, David's Brownies, David's Gummi Bear candy and David's Ice Cream. Activity was brisk in the company-owned and franchised cookie stores, but they were only part of the David's story this year.

Hooking onto documented consumer trends, management decided to take advantage of the proven brand recognition and quality associated with the David's name by introducing the frozen cookie dough to a whole new audience through supermarket distribution. Other retail products for sale outside David's own stores will follow. The company opened 30 new David's units in 1986 and have another 50 planned for 1987. As impressive as these figures are, they shrink when compared to the 1,400 supermarket outlets picked up last year and the close to 3,000 planned for 1987.

David's also has moved to expand its international base with the opening this year of stores in the United Kingdom and France, following on the heels of last year's entry into the Canadian market. David's President Stephen Stein, takes great pride in the fact that the company has managed to grow to its current size without ever spending a single dollar on advertising, although that may change as the retail orientation takes on greater importance. —*T.L.*

For relief on a hot summer day, soft-serve ice cream is hard to beat.

400: SEAFOOD

Exotic Species Create New Experiences

Preparation techniques expanding; consumer enthusiasm sparks tremendous segment growth.

Because of the shortages of some popular fish species, operators are becoming more dependent on lesser-known imported products. Coupling that with greater customer sophistication and increased awareness that fish is a healthy dining alternative is making the seafood segment one of the fastest growing areas of the restaurant industry.

Restaurants have felt little consumer resistance about trying new items like *opaka paka* and mahi mahi from Hawaii, orange roughy and *hoki* from New Zealand, shark, mussels and squid. Operators are able to offer an even greater variety of fresh fish by turning to farm-raised trout, catfish and salmon.

Some of the more popular entrees like cod, haddock, crab, sole, flounder and lobster are in tight supply. But operators have found that increased prices are not affecting demand.

Preparation techniques are changing, especially at the family-style and fast-food operations. Broiled, mesquite and charcoal-grilled methods, once found only in upscale seafood restaurants, are now available just about everywhere. And for those who still do not have a taste for fish, chicken can now be found on many family and fast-food seafood menus.

What else is hot? Seafood salads, combo platters, shrimp fests, Cajun, blackening and clam chowder. Everyone in the segment is taking advantage of America's new-found love for fish.

RED LOBSTER

The thinking at General Mills is "keep things fresh." Red Lobster uses 50 species of fresh fish with 12 varieties posted daily on restaurant blackboards. This strategy has led to an increase in customer counts of 3% and sales jumped 6% in 1986.

Combination platters (shrimp trio, broiled fisherman platter and sampler platter) continue to be the hottest items on their menu.

Red Lobster followed the Cajun trend and succeeded by blackening fresh fish and promoting a Cajun popcorn shrimp and a Cajun trio platter.

Red Lobster

Shrimp alfredo and shrimp teriyaki have tested well and may become permanent additions to the menu.

In 1986, the traditional lobster festival proved to be one of the most successful advertising campaigns. Twenty offerings, from appetizers to dinners, were available starting at $6.95. In 1987, Red Lobster will continue to emphasize variety at a lower entry level price.

LONG JOHN SILVER'S

New seafood salads, breaded—not battered—fish and Chicken Planks accounted for about 20% of 1986 sales and were a big reason behind increased

RESTAURANTS & INSTITUTIONS

L&N Seafood Grills feature large and exotic varieties of fresh fish. The oyster bar acts as a holding area for waiting guests.

customer counts. The introduction of broiled seafood, a new clam chowder and a seafood gumbo highlight 1987 plans.

The combination fish and shrimp dinner has become a permanent menu item. The catfish dinner, which had been a regional offering, has been expanded to 762 units.

The salad line represents the company's first departure from deep-fried products and is anticipated to generate enough sales to be maintained year-round.

Acceptance of broiled items has been encouraging and is expanding from two test markets to six new markets (35 units) during fiscal 1987. Broiled items will be introduced on a market-by-market basis as units are retrofitted to handle the preparation techniques. The selections include halibut, shrimp, salmon, flounder and cod. Species will vary by regional preferences. Dinners are priced from $4.50 to $6 and are expected to generate 20% of the total sales mix.

Long John Silver's new line of light seafood salads is designed to appeal year-round to both lunch and dinner guests.

Wasted pieces of fish too small to serve have resulted in the introduction of a new clam chowder and seafood gumbo, which are expected to provide $2.5 million in savings systemwide.

L&N SEAFOOD GRILL

While fresh seafood dinner entrees remain the backbone of the operation, strengthening the lunch menu continues to be top of mind. Soups have been packaged with croissant sandwiches. The Sunday brunch buffet featuring shrimp salads, breads and omelets continues to be the most popular promotion.

CAPTAIN D'S

The opening of the 500th unit in Birmingham, Ala., an increase in revenue by 18% and average unit sales higher than any major seafood chain highlighted the 1986 fiscal year.

Popular menu additions included the "Cajun Feast," a weekly value feature. This combination of fish, shrimp, okra, french fries, hush puppies, coleslaw and drink will be offered in additional markets in 1987. A weekly catfish dinner will be offered on a regional basis. Also, bite-size shrimp is now a permanent menu item, as is broiled flounder.

Many new and remodeled units will offer a new look featuring softer colors, more windows and seating for 90 customers, an increase of six over current

LEADING SEAFOOD COMPANIES

1 **RED LOBSTER**
General Mills (18)
Sales: $1,000MM
Units: 430

2 **LONG JOHN SILVER'S**
Jerrico (25)
Sales: $720MM
Units: 1,405

3 **CAPTAIN D'S**
Shoney's (16)
Sales: $316MM
Units: 537

4 **SKIPPER'S (164)**
Sales: $94MM
Units: 206

5 **ARTHUR TREACHER'S (234)**
Sales: $60MM**
Units: 215**

6 **RUSTY PELICAN (239)**
Sales: $58.7MM
Units: 19

7 **SEA GALLEY STORES (237)**
Sales: $59MM
Units: 49

8 **SEAFOOD BROILER RESTAURANTS**
Accor, France (264)
Sales: $51MM
Units: 24

9 **PHILLIPS SEAFOOD RESTAURANTS (316)**
Sales: $40.6MM
Units: 6

Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year; unit figures represent the number of units open as of 1/1/87. **R&I* estimate; **company est.; †commercial equivalent ©1987 *Restaurants & Institutions*, a Cahners publication.

400: SEAFOOD

LEADING SEAFOOD COMPANIES

10 **LEGAL SEA FOODS (331)**
Sales: $38MM
Units: 5

11 **SEAFOOD SHANTY RESTAURANTS (348)**
Sales: $35MM
Units: 14

12 **MONTEREY BAY CANNERS**
Trans/Pacific Restaurants (177)
Sales: $22MM
Units: 11

13 **L&N SEAFOOD GRILL**
Morrison (32)
Sales: $22MM
Units: 12

14 **FAMOUS FISH**
Famous Restaurants (230)
Sales: $9MM
Units: 9

15 **BIG SPLASH**
Benihana of Tokyo (193)
Sales: $2MM
Units: 1

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Growing numbers of customers are willing to try the numerous healthful seafood alternatives.

Arthur Treacher's is receiving praise for the nutritional value of its new broiled scrod and baked potato entree.

capacity.

To ensure quality service, Captain D's intends to establish at least one training store and team in each division.

ARTHUR TREACHER'S

The introduction of a broiled scrod and baked potato entree is helping build a new customer base and received high praise for its nutritional value from the leading fast-food critic, Michael Jacobson, director of the Center for Science in the Public Interest.

With a new emphasis on healthful eating, Arthur Treacher's is now preparing all fried foods in cholesterol-free peanut oil. Along with the broiled scrod, the introduction of an all-natural breast of chicken tenderloin has met with strong acceptance.

More broiled items are in the works. About six products are currently in test. One franchisee already has introduced a broiled fish au gratin and a broiled chicken entree.

The perennial fish and chips continues to be the mainstay of the company.

SEA GALLEY STORES

1986 was the year Sea Galley rediscovered its true niche and reformulated its menu to give guests what they *truly* wanted—value.

The new menu introduced in late 1984 was perceived to be too expensive and has been replaced with an updated version of the original value-oriented "bucket" menu that grouped sautéed, steamed, baked, broiled and deep-fried dinner selections under the familiar $5.99, $6.99 and $7.99 price points. All-you-can-eat salad bars and old entree favorites are being stressed.

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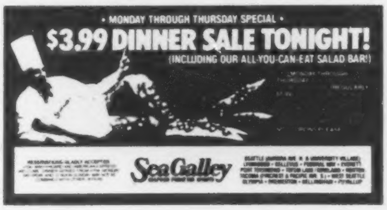
Sea Galley has returned from an upscale to a high-value strategy.



• MONDAY THROUGH THURSDAY SPECIAL •
$3.99 DINNER SALE TONIGHT!
(INCLUDING OUR ALL-YOU-CAN-EAT SALAD BAR!)
SeaGalley

400: SEAFOOD

While many popular entrees are in tight supply, higher prices are not greatly affecting demand.

The Phillips family has turned a one-shack business into a $41 million operation by stressing personal service and promotions.

Much of what was developed from the "new look" menu, in terms of more sophisticated preparation techniques, and the most popular items from the expanded appetizer and dessert menus, were retained. But they were coupled with an objective to lower guest checks and rebuild customer counts through promotion of lower-priced entrees.

PHILLIPS SEAFOOD RESTAURANTS

While Phillips specializes in crab and the seafood fare of the Eastern Seaboard, operators are concentrating on training and upscale service this year. The customer is king in this upside down organization that Brice and Shirley Phillips started in 1956 as a tar-sided take-out crab shack in Ocean City, Md.

The seafood platter, fried or steamed, is the hottest seller on the menu. Trendy fresh fish entrees are constantly added or deleted from the menu's featured selection flier. Whatever goes over well is added to the permanent menu.

Crab, in every form, is the mainstay of the business. The Maryland blue crab is the pride of the Phillips family. The six units serve crab cakes, shoft-shell crabs, crabs Oscar, steamed crabs and crab imperials.

While supply is ensured in the summer, the family looks to the Gulf Coast and as far away as Africa for its winter supply. Crab meat prices have driven food cost to 42%, but the Phillips have not yielded to price increases because volume is crucial to this $40 million business.

Many of Phillips' promotions are directed at group sales from tours and conventions. Captain Phil attends community functions and conventions to promote the restaurant.

MONTEREY BAY CANNERS

Fresh seafood is one of the hottest sellers in the industry, so these mesquite-broiling specialists concentrate on flying in a wide variety of seasonal species from sources worldwide. 13 to 15 fresh entrees are available daily.

The restaurant's purchaser is buying fish from Equador, Costa Rica, Norway and New Zealand. Fresh swordfish is coming from Japan and Taiwan. Canada has become a great source for cod and Lake Superior whitefish. Sea bass is bought in Chile.

Because of the great variety available, a grazing selection will be introduced this year to let customers experiment with new species. Seafood salads, such as crab, avocado, shrimp and tomato, are new to the menu, as well.

Monterey Bay Canners are radio sponsors of Los Angeles Dodgers' and California Angels' baseball games. Campaigns often feature a particular menu item and may involve discounting. The concept also has been involved in community activities, having sponsored 1,000 underprivileged children to attend baseball games.

SKIPPER'S SEAFOOD 'N CHOWDER HOUSE

Traditional, value-oriented promotions such as all-you-can-eat shrimp and fish or a fish sandwich and chowder for $2.99 make the cash registers ring as this fast-food chain sticks to the basics.

No menu additions or tests are in the works here. Skipper's will continue to spotlight its strong sellers in an attempt to steal some business from the hamburger chains.

The only change at Skipper's is in the batter. They use a breaded coating for a lighter, crispier taste instead of the common wet tempura-like batter.

New items added in 1986—a double fish sandwich and a chicken tenderloin sandwich—are doing well.

RUSTY PELICAN

Fresh seafood sautéed with roasted macadamia nuts; halibut broiled with

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Monterey Bay Canners features fresh, mequite-broiled seafood.

400: SEAFOOD

Many of the quick-service operations are adding broiled entrees and seafood salads.

The Famous Fish Co.

The demand for seafood remains very strong. Consumption has increased 20% since 1982. In 1986, per capita consumption of seafood was 14.7 pounds per person. Also, only 216,000 pounds of redfish was caught in 1981, compared to six million pounds in 1986. Because of its popularity, the government has placed a moratorium on direct commercial harvesting of redfish in federal waters off the Gulf of Mexico.

Kenyan spices; swordfish marinated overnight in wine—new preparation techniques such as these are what's cooking at Rusty Pelican restaurants.

The hottest item since last September at this full-service dinner house is the Swordfish Malia, named after the Rusty Pelican's executive chef. Marinated in wine overnight, the swordfish is charbroiled and served with Santa Fe or basil butter.

Since last fall, the addition of a cob salad, a mandarin chicken salad and fresh fish brochettes have all met with great acceptance.

The Rusty Pelican also is embarking on an "Island Fever" campaign, promoting fish from Hawaii and the Pacific. The promotion includes a giveaway trip for two to Hawaii for customers.

BIG SPLASH

Two units of this new Benihana spinoff are currently in operation, offering rather unique dining experiences.

Along with its stir-fried, sautéed, deep-fried, broiled, steamed and poached, and very popular char-grilled cooking methods, Big Splash has adopted an ancient Chinese and Japanese tradition. Seafood and other ingredients are sealed in heavy ceramic pots, baked to integrate the flavors and then opened at the table so guests can enjoy the first release of the seafood aroma. The Vesuvius Di Napoli, prepared in the clay pot, includes a hearty mix of lobster, shrimp, scallops, calamari, mussels and clams on linguini served with a choice of marinara or white clam sauce.

Also, tapas has been added to the menu and is proving to be a strong seller.

The concept made another big splash with its exclusive Empress Golden Crab of Florida promotion and "Make A Big Splash in the Bahamas" cruise giveaway.

LEGAL SEA FOODS

Owner George Berkowitz says Legal Sea Food is *the* true seafood restaurant because, while others offer 10 fresh entrees daily, he serves 30 to 40 fresh varieties each day.

Berkowitz is hoping to extend his business outside the six units by concentrating on a mail-order business that carries the distinction of being the only mail-order seafood operation that delivers its product fresh.

Traditional New England scrod is Legal's top seller. The operations also serve between 12 and 15 gallons of chowder each week.

Cajun swordfish and tuna were the main additions in 1986. Cold salads and poached salmon have been added in 1987.

—Jeff Weinstein

Benihana's Big Splash units want to offer unique seafood experiences.

400: PIZZA

The Popularity of Pizza Parlays into Profits

Pizza restaurants are showing rapid growth. Home delivery is in great demand.

The increase in the number of two-income families and shifted household responsibilities result in less time for at-home food preparation. Add to this the dramatic increase in disposable income from two-wage households and the growing demand for good, convenient food can be well understood. These demographic trends are favorable to all aspects of the restaurant industry, not the least of which is pizza.

The universal appeal of the Italian pie is indisputable. To start with the basics, namely the ingredients, pizza is one of the more healthful fast foods available. Fresh dough, cheese, vegetables and tomato sauce baked to a golden brown in a hearth-like oven is a recipe that works for a variety of demanding tastes.

To truly harness the trends, pizza operations are looking into new avenues of growth. The lunch hour always has been somewhat of a problem area as many customers, limited by time, feel pizza may take too long. Pizza Hut offers the five-minute Personal Pan Pizza and most restaurants can produce a pizza in 15 minutes. Little Caesars has a network of Pizza Stations which offer a wide variety of lunches with no waiting. Luncheon buffets are finding a niche as patrons can make their own and have a choice as well.

Location is a key concern, especially for those chains that concentrate on takeout. More and more pizza restaurants are showing up in malls and strip centers to catch the consumer in between buying groceries and picking up the dry cleaning.

Popular new dish, Pizza Hut's Calizza is a pocket of savory ingredients wrapped in a turnover.

Domino's Tom Monaghan believes in the personal touch for pizza.

The most effective change in today's pizza chains is in menu. Pasta, and Italian cuisine in general, is experiencing a renaissance. Complex carbohydrates get the seal of approval for nutrition and the flavor and shape of pastas and their accompanying sauces are winning customers' approval. The American version is lighter than authentic Italian, cold pasta salads are in, and the chains have managed to come up with dishes that are quick as well as good tasting.

PIZZA HUT

The largest pizza chain in the world expanded its menu in 1986 with the Calizza Italian turnover. It consists of a round of dough which is folded over and crimped around a savory mix of either a five-cheese blend or a mix of sausage, cheese and green peppers. The semi-circle pastry bakes to a light, flaky finish, while the cheese melts around all the inside ingredients.

The Calizza is the latest of three menu additions. In 1985, the Priazzo double-crust pie was introduced and contributed $350 million to sales in its first year. In early 1986, the Priazzo Verona, a meatball version of the above, experienced similar success. Pan Pizza is still the biggest seller, accounting for about 70% of sales nationwide.

In addition to pizza and the new Italian specialties, Pizza Hut continues to offer a salad bar that includes several varieties of cold pastas with light dressings. The company also is answering the call of the trend with delivery units up and operating systemwide.

DOMINO'S

In an 1985 interview with *R&I*, Domino's founder Thomas Monaghan said, "The system is very simple. Domino's people are pizza people, period. They try to do one thing and do it well." The philosophy has not changed, and two years and some 1,600 units later, perfecting the art of pizza making is still the driving force behind this Ann Arbor, Mich.-based chain.

In Domino's 1986 annual report, in the form of a student notebook, the category tabbed "science" details the research and development department's work in 1986. The 12 assignments ranged from dough management to delivery methods and served to reinforce the company's commitment to its single product quality.

The research team found advantages in using compressed yeast and solid shortening in lieu of dry yeast and oil. A set formulation of flour, water, yeast, salt, sugar and shortening was developed and packaged in "goodie bags" to ensure consistency of product and save time in dough preparation.

Other assignments dealt with selection, storage and handling of vegetable, meat and cheese toppings and the improvement of equipment specs, from refrigeration to preparation.

The other side of the Domino's coin is delivery. In cooperation with the University of Michigan, the company is developing a new heating device for hot boxes which will eliminate the need for combustible fuel. As it is a patentable device, details are not yet available.

LITTLE CAESARS ENT. INC.

The Pizza! Pizza! two-for-one deal is an offer a lot of people can't refuse. It has been pivotal to the company's expansion and by the end of this year, people in all 50 states will be able to take advantage of the deal. In addition to the basics, toppings include some regional items such as black olives, jalapeño peppers, Canadian bacon and pineapple.

For those with a smaller appetite, the Pieca! Pizza!, one-quarter of a medium cheese and pepperoni pizza, and individual slices are available. The most popular side order is Crazy Bread, eight warm sticks of freshly baked bread brushed with garlic butter and sprinkled with Parmesan cheese. The sticks are accompanied by Crazy Sauce, a dip made from the company's signature tomato sauce and seasonings.

With today's light trends going strong, salads are big sellers. Antipasto, Greek and traditional tossed salads are offered with a choice of dressings. Pasta dishes are growing in popularity and Little Caesars offers a wide variety. Cold pasta dishes include Caesar's Delight, Greek Pasta Salad, Antipasto pasta salad and Caesar's Mediterranean as well as a seafood pasta and chicken pasta. Hot pasta dishes also are available: spaghetti, fettuccine and linguine noodles come with a meat sauce, a tangy marinara, a red or white clam sauce, and an alfredo.

Two for one is the idea behind Pizza! Pizza! at Little Caesars. Pasta salads are going over big at all locations.

LEADERS IN PIZZA

1 **PIZZA HUT**
PepsiCo (2)
Sales: $2,200MM
Units: 5,017

2 **DOMINO'S PIZZA INC. (12)**
Sales: $1,500MM
Units: 3,606

3 **LITTLE CAESARS ENT. INC. (39)**
Sales: $520MM
Units: 1,308

4 **PIZZA INN INC. (69)**
Sales: $269.7MM
Units: 799

5 **ROUND TABLE FRANCHISE CORP. (75)**
Sales: $250MM
Units: 500

6 **SHAKEY'S INC. (95)**
Sales: $196.9MM
Units: 395

7 **MR. GATTI'S INC. (124)**
Sales: $131.2MM
Units: 335

8 **MAZZIO'S**
Ken's Restaurant Systems (135)
Sales: $120MM
Units: 279

9 **PAPA GINO'S OF AMERICA (149)**
Sales: $104.1MM
Units: 180

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400: PIZZA

LEADERS IN PIZZA

10 **SHOWBIZ PIZZA TIME**
Brock Hotel Corp. (79)
Sales: $104MM
Units: 275

11 **NATIONAL PIZZA CO. (161)**
Sales: $96MM**
Units: 245

12 **RPM PIZZA INC. (167)**
Sales: $93.5MM
Units: 197

13 **SBARRO LICENSING CORP. (185)**
Sales: $81.3*MM
Units: 190

14 **PIZZA MGMT. INC. (212)**
Sales: $68.2MM
Units: 172

15 **PANTERA'S PIZZA (232)**
Sales: $60MM
Units: 120

16 **ROCKY ROCOCO (233)**
Sales: $60MM
Units: 114

17 **PIZZARIA UNO**
International Foodservice Co. (251)
Sales: $55MM
Units: 35

18 **PETER PIPER INC. (262)**
Sales: $51.7MM
Units: 103

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There are lots of ways to market pizza, from fun and games to lunch buffets.

These talented performers are headline acts at ShowBiz Pizza Time. Kids love 'em.

SHAKEY'S INC.

In an attempt to boost its lunch hour trade, this 33-year-old pizza chain started a luncheon buffet in 1986. The concept is not new, but the financial success of this particular endeavor is noteworthy. In 1985, the average unit sales figure was $425,000. In 1987, with luncheon buffets available in all units, AUVs have risen to $550,000. The figure is still rising.

According to Rodney Read, vice president of marketing, the success can be directly attributed to the quality and variety of foods offered as well as to the fact that patrons, in making their own meal, can get in and out in the time alloted for the midday meal.

At the buffet, which is open for dinner as well, patrons have their choice of pizza by the slice, pastas and sauces, chicken, fish, fresh and batter-fried vegetables, baked potatoes and toppings, biscuits, garlic bread, cinnamon rolls and even tacos. Buffet menus differ depending on the tastes of a given region.

This year, Shakey's is getting innovative with its best seller, pizza. In addition to the standard toppings—sausage, mushroom, pepperoni, peppers, onions and the like—a seafood version is selling well. Cheeseburger pizza and barbecue chicken pizza are being tested.

SHOWBIZ PIZZA TIME INC.

This unusual pizza parlor is tailor-made for children. If parents have any qualms about the behavior of their children at family dinner outings, there is plenty at ShowBiz to keep the little ones occupied. To start with, life-size animated characters including Billy Bob, Fats and Mitzy, greet the customers, sing songs and interact in general.

A kiddie area includes token-operated rides, a ball crawl and slides for the younger set. A video game room offers a variety of computerized games to keep older kids happy. Skill games such as basketball and bowling allow the whole family to participate.

The menu is simple. Since the whole concept is geared toward family fun, parents are not faced with the usual problems of portion and choice when ordering for their children. Pizza, a traditional single-crust affair, is the most often ordered item. Calzones, breadsticks and sandwiches, including ham and cheese, hot dogs and hamburgers, round out the menu. Salad bars cater to adults and there is the possibility of adding some pasta dishes to the fare. Soda by the pitcher may give way to self-service in 1987.

SBARRO

At Sbarro, it's a family affair. What Gennaro and Carmela Sbarro started in 1936 still runs under the careful guidance of sons Joseph, Mario and Anthony. But the only thing that's old-fashioned about this Italian operation is the quality of the food. All menu items,

400: PIZZA

LEADERS IN PIZZA

19 **PIZZA HUT OF TITUSVILLE INC. (266)**
Sales: $50.6MM
Units: 92

20 **PIZZA KING FRANCHISES INC. (294)**
Sales: $45MM*
Units: 91

21 **NOBLE ROMAN'S INC. (291)**
Sales: $45MM
Units: 110

22 **DINO'S USA INC. (319)**
Sales: $40MM
Units: 200

23 **OLD SPAGHETTI FACTORY OSF Intl. (345)**
Sales: $35.6MM
Units: 24

24 **VALENTINO'S (380)**
Sales: $30MM
Units: 39

25 **COULTER ENT. (362)**
Sales: $32MM
Units: 67

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The Italian renaissance has come again. Old World philosophies work in the new world.

prepared daily on the premises, are based on family recipes that have been handed down over the years.

The hottest-selling menu item is pizza, most often sold by the slice. The Sbarro dough is hand-stretched and proofed overnight. The dough also is used in the cheese, spinach and meatball calzones. This year, taking note of the most popular pizza topping, the company will introduce a pepperoni calzone. The sausage roll consists of chunks of spicy sausage, peppers, onions and mozzarella wrapped in a dough and slowly baked.

Hot and cold Italian entrees such as baked *ziti*, sausage lasagna, spaghetti, chicken Parmesan and eggplant Parmesan have a devout following. A beef lasagna was introduced this year. The beef is sautéed in onions, layered with tomato sauce, ricotta cheese and the lasagna noodles and topped with mozzarella. Pasta salads as well as a tossed and fruit salad can be ordered to go.

VALENTINO'S

This Italian eatery received so many requests for recipes and samples of its menu offerings that it developed a takeout deli to be set up right on the premises. Most of the units already had a takeout area for pizza, so all that was involved was putting in a few deli cases and refrigerators. The first one went up in December 1986, and the early months of 1987 saw the concept to fruition. The results have been excellent.

Now, customers who did not call orders in beforehand, as well as those requesting items, have their pick of almost any of the dishes offered on the menu. And the list is extensive. Valentino's specializes in pizza, pastas with meat sauces and specialty Italian dishes. Its original crust is based on a very well-guarded recipe. A whole-wheat crust pizza, deep-dish and double-crust pie pizza with "the works" also are

Spaghetti, ravioli, fettuccine and *mostaccioli* are the four premier pastas and are accompanied by a variety of sauces including *bolognese*, meat sauce, marinara, seafood, *carbonara* and alfredo. Italian specialties such as lasagna, veal Parmesan, eggplant Parmesan and two kinds of calzones have a strong following. A baked primavera casserole, vegetables and rotini noodles in a cream sauce topped with mozzarella, is one of the most popular items.

Also featured are dessert pizzas which are literally the original pizza crust topped with fresh apples, peaches, blueberries or cherries. *—B. G.*

Sbarro units are located in enclosed shopping malls and offer in-house or food court seating.

Chicken, Fish Round Out Standard Steakhouse Menus

Steaks still sell; chicken a favorite; new fish offerings abound; and salad bar wars intensify.

The lightness trend continued in 1986 as most of the nation's steakhouse chains emphasized fish, chicken and sprawling salad bars. Although steaks still top the lists, most people do not order steaks every day, and need menu alternatives. Chicken and fish bring in the weight-conscious and female audiences hoping for low-priced, quality fare not as filling as beef. Salad bars, once limited to cold vegetables, now stretch yards long and include everything from potatoes to pasta, hot casseroles to desserts. Meanwhile in the barbecue segment, takeout was the ticket, with delivery waiting in the wings.

PONDEROSA INC.

The largest steakhouse chain in the nation, Ponderosa, continues to compete in the mainstream with enhancements to its salad bar, the addition of chicken and seafood entrees, and plans for several new sandwich items that pit Ponderosa against fast feeders for noon-hour business.

Following this mandate for fish and chicken menu additions, franchisees are allowed to select which fish they want to serve, according to regional tastes. Trout does well in the Midwest for instance, while salmon does well in the East.

Chicken is doing well all over, but to add regional flair, Ponderosa recently introduced three chicken sauces: teriyaki marinade, barbecue and Italian.

Salad bars at Ponderosa are "refreshed" at least twice a year with new additions pretty much the same chainwide. 1986 saw the addition of stuffing, gravy and chili. By May 1987, most Ponderosa salad bars will include a nacho bar complete with cheese, salsa, refried beans, nacho salad and more.

On the heels of the nacho bar introduction, Ponderosa is starting a 20-unit test of eight sandwich variations that have scored well in taste tests.

Beyond these plans for 1987, Ponderosa is adding some finger-food items and continues work with its breakfast buffet.

GOLDEN CORRAL,
OH! BRIAN'S RIP ROARIN' RIBS

Golden Corral is one steakhouse chain that places the focus on its 70-item super salad bar including everything from vegetables to potato toppings, casseroles to desserts. In addition, the chain has expanded its menu from steak and chicken to include some fish dishes.

Fish and chicken are hot, but steaks, such as those served at Golden Corral, still top most lists as the No. 1 seller.

Ripe for development is Investors Mgmt. Corp.'s Oh! Brian's Rip Roarin' Ribs chain. Food and beverage sales for the 13 units in 1986 totaled $9.6 million.

The company is in the process this year of doing major renovations. Three of the units have been temporarily closed for extensive remodeling, one new unit will be built incorporating the new design and by year-end 1988 the company hopes to build five more.

These and current menu changes are coming fast and furious since Ken Humphreys moved up to the presidency in January 1987.

Humphreys eliminated five items that were not selling; added a broiled halibut dish, barbecue burger, and chili; switched from charbroiled to fried; shrimp; and rearranged and condensed the menu.

BONANZA

Right in line with brighter, more upscale looks, USACafe's Bonanza restau-

RESTAURANTS & INSTITUTIONS

USACafes President Jeff Rogers with the Freshtastiks salad bar he points to as the "driving force behind Bonanza's turnaround."

rants are serving lighter, more upscale menu items. And these, in combination with steak on a single platter, are the dishes selling best. Higher ticket, quality products such as broiled salmon, orange roughy, halibut fillets and a seafood trio platter advertised throughout 1986, upped check averages 25 cents.

But while some of the emphasis is upscale, Bonanza has not abandoned the Freshtastiks food bar that company President Jeff Rogers identifies as "the driving force behind the turnaround of the Bonanza chain." Freshtastiks started as a salad bar in 1976 and quickly grew to include hot vegetables, soup, breads, and desserts.

Freshtastiks is one of the quality deals Bonanza talks about in its current television advertising campaign featuring Monty Hall.

The $20 million campaign includes 11 30-second commercials to be run in 60 markets in the United States and Canada. One shows Monty holding a fast-food competitor's boxed salad. After giving his spiel on the benefits of Bonanza's Freshtastiks food bar, Monty quips: "So you can come to Bonanza for Freshtastiks or you can go for what's in the box."

STUART ANDERSON'S

Stuart Anderson's menu development during 1986 mirrors the major management changes that kept the company in constant flux. For the first half of 1986, Stuart Anderson's was owned by Saga Corp. Believing that to stay in the steakhouse niche would not be profitable for the long term, Saga began

Stuart Anderson's strategy for 1987? Back-to-basics.

LEADING STEAKHOUSE COMPANIES

1 **PONDEROSA (24)**
Sales: $725MM
Units: 679

2 **SIZZLER**
Collins Foods Intl. (17)
Sales: $605MM
Units: 539

3 **BONANZA**
USACafes (42)
Sales: $480MM
Units: 571

4 **WESTERN SIZZLIN' (44)**
Sales: $454MM
Units: 642

5 **GOLDEN CORRAL, OH! BRIAN's**
Investors' Mgmt. Corp. (50) Sales: $342MM
Units: 503

6 **STEAK AND ALE**
Pillsbury (3)
Sales: $268MM
Units: 185

7 **STUART ANDERSON'S**
American Restaurant Group/Marriott (4)
Sales: $243MM
Units: 117

8 **QUINCY'S**
TW Services (8)
Sales: $193MM**
Units: 218

Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year; unit figures represent the number of units open as of 1/1/87. **R&I* estimate **company est; †commercial equivalent ©1987 *Restaurants & Institutions*, a Cahners publication.

400: STEAK & BBQ

LEADING STEAKHOUSE COMPANIES

9 **WESTERN STEER MOM 'N' POP'S INC. (103)**
Sales: $171MM
Units: 185

10 **YORK STEAKHOUSES**
General Mills (18)
Sales: $135MM
Units: 113

11 **MR. STEAK (143)**
Sales: $111.1MM
Units: 175

12 **RYAN'S FAMILY STEAKHOUSES (147)**
Sales: $105MM
Units: 70

13 **TONY ROMA'S**
Roma Corp. (153)
Sales: $100MM**
Units: 75

14 **K-BOB'S STEAKHOUSES INC. (191)**
Sales: $77MM
Units: 96

15 **HAPPY STEAK INC. (204)**
Sales: $70.9MM**
Units: 102

16 **SONNY'S REAL PIT BBQ (215)**
Sales: $68MM
Units: 79

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Some steakhouses vary fish offerings according to regional tastes.

implementing a major repositioning strategy that would move Stuart Anderson's from a steakhouse concept to a varied-menu dinner house concept.

The plan was to have taken several years to fully implement, but money and time ran out in June when Stuart Anderson's was bought with the rest of the Saga restaurants by Marriott Corp. At this point the repositioning strategy Stuart Anderson's had begun to implement through tabletop, menu and advertising, stopped short. In its place, Stuart Anderson's complied with Marriott's demand for increased customer counts with a quickly implemented short-term strategy that was to last until year-end 1986.

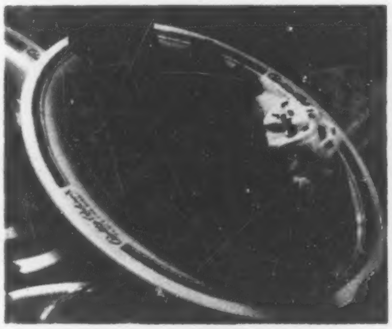
In 1987, Marriott sold Stuart Anderson's to the American Restaurant Group, a privately held company. Since that time, ARG Chief Executive Officer Ralph Roberts, also president of Stuart Anderson's, has been helping the chain to regroup and focus on a different strategy entirely.

"Roberts helped us to see that we needed to get back to basics," says Julia Stewart, Stuart Anderson's vice president of marketing, and research and development. "We're a steakhouse and we feel we do that best. Great product, great price value and great environment are key to our business. The last thing we want to do is walk away from the Western character that made us famous."

Therefore, the items added to the menu as part of Saga's repositioning strategy—grilled, homemade sausage, honey-lime chicken, pork chops—were dropped. In 1987, Stuart Anderson's is focusing on evolution—not revolution. As Stewart explains, "Freshening and contemporizing are much more descriptive of our planned menu and decor changes than the word restructuring."

SIZZLER

Wrapping up an aggressive remodeling program that included implementation of brighter decor, Sizzler correspondingly revamped its menu to include lighter fare. Sizzler tested fresh fish for several years before incorporating it as a new menu segment nationwide in 1986. Individual managers decide which fresh fish offerings they will feature each day. Most serve up to five types, broiled and lightly seasoned.


Bobby Rubino's will deliver its top-selling ribs starting this year.

Totally new in 1986 was lemon herb chicken—a marinated boneless breast of chicken grilled fresh to order. Initially introduced and backed by a television campaign as a combination item served on a platter with shrimp, the lemon herb chicken is now going national and can be ordered separately, or with shrimp or steak.

Along with the chicken and fish emphasis, Sizzler invested much effort in doubling the size of its salad bar. Originally including roughly 40 items, the bar is now up to 80. Recent additions include more fresh fruits, a tostada bar and hot pasta bar.

BOBBY RUBINO'S

One of the largest barbecue chains in the United States, Bobby Rubino's hopes to bring in additional business this year through a promotion called the Great Lunch Getaway featuring 19 lunches available for less than $4 each.

Rubino's did not add any new items to its dinner menu in 1986 but did add several lunch items: among them a bacon barbecue cheeseburger, Brie burger, mushroom cheeseburger and blue cheese burger.

Top sellers in 1986 were baby back ribs and chicken. For 1987 Rubino's is looking at some new deli special items,

400: STEAK & BBQ

LEADING STEAKHOUSE COMPANIES

17
BEEFSTEAK CHARLIE'S
Lifestyle Restaurants Inc. (249)
Sales: $55.9MM
Units: 51

18
SIRLOIN STOCKADE INTL. (321)
Sales: $40MM
Units: 60

19
BOBBY RUBINO'S PLACE FOR RIBS USA INC. (328)
Sales: $39MM**
Units: 25

20
CASK AND CLEAVER
C&C Organization (368)
Sales: $25MM
Units: 25

21
FIFTH QUARTER
Shoney's (16)
Sales: $21MM
Units: 10

22
LORD CHARLEY'S
C&C Organization (368)
Sales: $2.5MM
Units: 2

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Barbecue segment reports increases in takeout; delivery a possibility.

planning to add more salads and is adding delivery service.

The chains takeout segment is doing well, comprising 20% of the business by first quarter 1987. Rubino's also sells "Grill-ready Ribs,"—frozen, seasoned, foil-wrapped ribs sold by the pound for customers to grill at home. Introduced in 1986, the grill-ready ribs are doing well and Rubino's hopes to promote them more in 1987.

MR. STEAK

If Mr. Steak's prototype Mr. Steak's Grill proves itself, the rest of the Mr. Steak chain may evolve in the same direction. In addition to the Grill's updated decor, which the company says is "skewed a bit more female," the grill features exhibition bread baking, prime-rib carving and salad preparation in the front of the house and a menu that lists more upscale steak offerings, seafood and chicken platters.

Mr. Steak's Grill also offers a new twist on the serve-yourself salad: family-style salad. A multiple-serving tossed salad is prepared and brought to the table by a waiter along with single-serve bowls. This allows family members to serve themselves without getting up from the table. Thus far, customers have responded well to the idea.

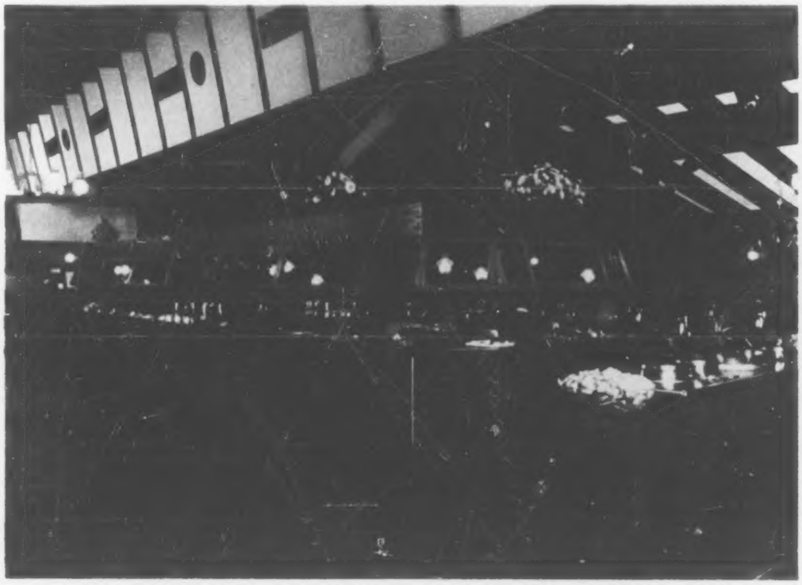
RYAN'S FAMILY STEAKHOUSES

With revenues that increased 92% in 1986 over the previous year, net earnings that increased 99% and and an average unit volume increase of 39%, Ryan's is a darling, both of the industry and Wall Street.

Much of the company's success can be attributed to its concern with quality. According to company President T. Mark McCall, this quality emphasis justifies company food costs that run 44% to 47%. McCall adds that Ryan's doesn't advertise, choosing to invest potential ad dollars into better quality food.

The company added its MegaBar during the fourth quarter 1985 and built on it in 1986. This super salad bar includes a soup bar, ice cream bar, hot meats and vegetables, fresh fruits, cheeses and more. ***—Monica Kass***

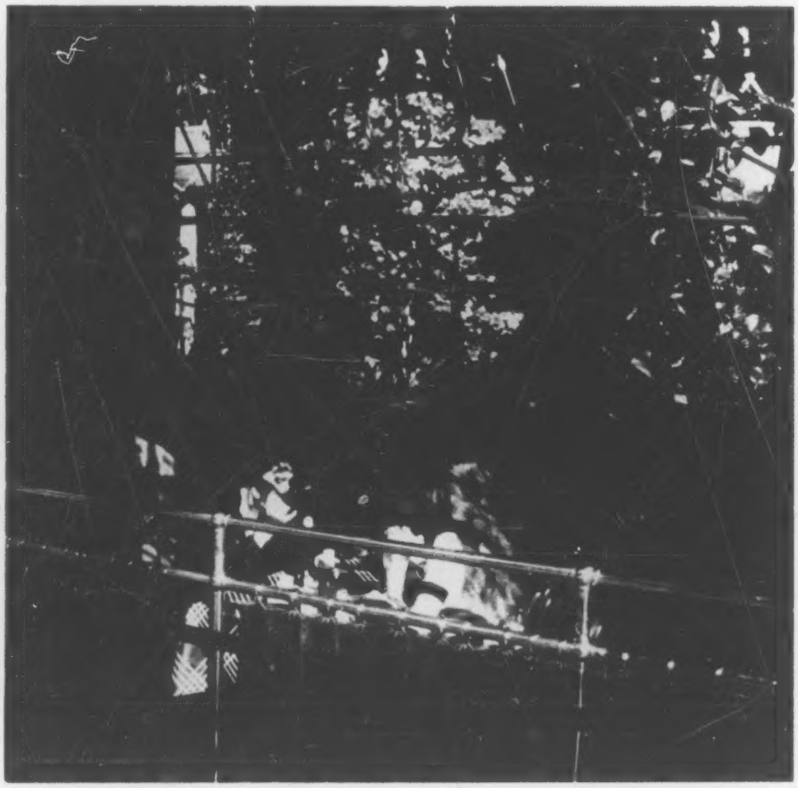
With phenomenal sales growth in 1986, Ryan's Family Steakhouse is a Wall Street darling. Concern with quality adds up to food costs of 44% to 47%.



400: THEME DINNER

A New Theme: Chains Get Serious about Being Casual

Top theme dinner houses change chain image for new look: customers first, systems second.



New definition: Bennigan's, once known as a restaurant-bar, is redefining itself as a restaurant with a new menu design and increased guest focus.

Traditionally, the lion's share of the full-service market has been dominated by independent restaurateurs. Technomic Consultants, Chicago, estimates that in 1986 independents accounted for 77.3% of the full-service market sales, and chains for 22.7%.

But in 1987, in the casual/theme segment, it is getting harder to tell the chains and independents apart. There is more to this new look than simple upscaling, as the leading chain theme dinner houses court customers in many of the same ways previously the private domain of independents: keeping menus current with consumer eating trends; creating and promoting signature menu items; addressing the current health-and-fitness trend on menus and in food preparation; serving varietal wines by the glass; putting customers first, systems second; and edging into breakfast and brunch.

Dinner house chain leaders acknowledge that one of the biggest drawbacks to chain operations has been inflexible systems that resulted in slow new-product development and implementation, as well as a tendency to expect the customer to fit the system. Chains in this segment are now putting that cart back behind the horse by hiring people who like people, training staff in people skills and building flexibility into the systems. Progressive theme dinner houses make it possible for units to customize preparation of menu items, substitute side dishes and some will even prepare dishes not on the menu.

Among this year's theme dinner house leaders are well-established chains (such as Bennigan's) that have thrived by adapting and updating. There are the fast-growing young chains (The Olive Garden) that began life under this new marketing philosophy. Several creative chains now specializing in diversified concepts from unit to unit (Lettuce Entertain You, Levy Organization and Big 4) started corporate life as independents. All seem to be banking heavily on the new non-chain image to enhance their perceived value in customers' minds. If their marketing strategies are on target, it also will increase their collective market share. The following profiles of selected leading chains highlight those strategies.

BENNIGAN'S

"Guest focus has been a prominent issue for the last couple of years as Bennigan's repositions itself from a bar-restaurant to a restaurant—and we're going to emphasize it even more," says Scott W. Burcham, vice president of marketing. One of the primary ways the successful 12-year-old chain emphasizes guest focus is through service.

"Bennigan's pays a lot of attention to trends. We made Cajun national two years ago. We put it on the menu, then we advertised and merchandised it. We are careful, however, to distinguish between real trends and flash-in-the-pans. We do a lot of research, a lot of reading and a lot of eating out."

Bennigan's has just introduced a newly designed menu that helps define its new image. It is sleek, contemporary, and illustrated with dramatic full-color food photography, an abrupt departure from its former nostalgic typographic menu design.

Burcham calls Bennigan's menu mix "eclectic. We try to give guests a reasonable variety with reasonable depth." New 1987 entrees include marinated, charbroiled Sesame Pork Medallions

RESTAURANTS & INSTITUTIONS

Change of heart? No, Chili's didn't lose a burger in its switch to casual dining, just gained fajitas, margaritas, etc.

($7.95); Sweet and Sour Pork ($7.25); and Sweet and Sour Sesame Chicken ($6.95). New appetizers this year include Oriental Shrimp and Crab Toast ($4.75), and Spring Rolls ($3.95). The best-selling appetizer is still Fried Cheese ($3.75), followed closely by Ultimate Nachos and Potato Skins.

Bennigan's can implement menu changes quickly, about four months from idea to implementation, and this month will launch a first: an eight-weeks-only entree offering, Caribbean Shrimp ($7.95).

CHILI'S

Chili's, which last year changed niches, from gourmet hamburger to casual dining, still offers a dozen burgers on the menu. The burgers range from the plain-and-simple Oldtimer ($3.30) through Verde with guacamole ($3.85) to the Sierra Platter with BBQ beans, sauce and fixings ($4.35).

Chili's has 1987 menu items in test, but is playing new product development close to the vest. New Chili's President Ron McDougall does say that new menu items in 1986 were Chicken Salad, Monterey Chicken Platter, Baby Back Ribs and some dessert items. Also, Chili's is testing brunch.

Chili's casual-dining restaurants have a full bar and offer a few varietal wines by the bottle and glass. The most expensive menu item is Fajitas for Two ($12.95). The new efficient building design will make regular appearances this year.

BENIHANA

In 1986, Benihana was chosen the No. 2 chain restaurant in America in the annual National Family Opinion Poll—just one step down from the No. 1 position it held in 1985. And in 1987, the successful chain dinner house with an $18.82 check average plans significant menu expansion.

The following items, grilled *à la japonais*, will be added in 1987 to the steak, chicken and seafood menu fare: Double Hibachi Steak, Filet Mignon Double, Hibachi Salmon, Veal Tenders, Skewered Scallops, Shrimp and Calimari Tempura, Stuffed Mushrooms, Smoked Salmon, Green Mussel and Beef Tartari and Tempura Bananas.

Senior Vice President Glen Simoes cites Hibachi Chicken as the hottest-selling menu item as of February 1987, and a good-selling lunch menu item added in 1986 as Calimari Steak. Among menu items under test are: abalone, duck, venison, pork and lamb.

On the Grill: Benihana's plans sizzling menu expansion in 1987.

LEADING THEME DINNER HOUSES

1 **BENNIGAN'S**
Pillsbury Co. Restaurant Group (3)
Sales: $402.8MM*
Units: 190

2 **TGI FRIDAY'S**
Carlson Cos. (26)
Sales: $348.5MM
Units: 125

3 **CHILI'S INC. (100)**
Sales: $176MM
Units: 102

4 **HOULIHAN'S OLD PLACE**
W.R. Grace Restaurant Group (15)
Sales: $170MM
Units: 64

5 **BENIHANA OF TOKYO INC./BENIHANA NATIONAL CORP. (193)**
Sales: $75MM
Units: 46

6 **CRACKER BARREL OLD COUNTRY STORE INC. (213)**
Sales: $68MM
Units: 47

7 **MAGIC PAN (231)**
Sales: $60MM
Units: 64

8 **LETTUCE ENTERTAIN YOU (235)**
Sales: $60 MM**
Units: 32

9 **PRUFROCK RESTAURANTS INC. (248)**
Sales: $56MM*
Units: 48

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**R&I* estimate **company est. †commercial equivalent

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400: THEME DINNER

LEADING THEME DINNER HOUSES

10 **BOBBY MCGEE'S USA INC.**
(253)
Sales: $55MM**
Units: 22

11 **VELVET TURTLE**
Marriott Corp. (4)
Sales: $50MM
Units: 21

12 **PALM MANAGEMENT CO.**
(275)
Sales: $49.5MM**
Units: 11

13 **THE OLIVE GARDEN RESTAURANT**
General Mills Restaurant Group Inc. (18)
Sales: $46MM*
Units: 31

14 **HOUSTON'S RESTAURANTS**
(310)
Sales: $42MM*
Units: 15

15 **THE LEVY ORGANIZATION**
(332)
Sales: $38MM
Units: 27

16 **CHARLIE BROWN'S**
Restaurant Associates Industries Inc. (94)
Sales: $35.2MM
Units: 25

17 **BIG 4 RESTAURANTS INC.**
(382)
Sales: $30MM**
Units: 14

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**R&I* estimate **company est. †commercial equivalent

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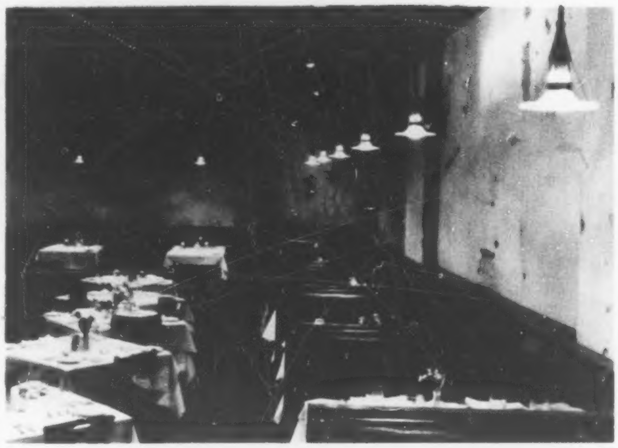
Two concepts of success: new American sophisticate and old country cooking.



Excuse us, but can this be Scoozi—one of Rich Melman's, latest, hottest restaurants for the new American sophisticate?

LETTUCE ENTERTAIN YOU

Rich Melman, dynamic president of Chicago-based Lettuce Entertain You Ent., has more than 40 restaurants to his credit, and he still considers himself an independent, not a chain.

Concepts with more than one unit include Ed Debevic's, a diner; Shaw's Crab House, seafood; Rupert's, a rib and chop house; and Gino's, offspring of a famous Chicago pizzeria. One of Melman's recent contributions to the welfare of the new American sophisticate was Cafe Ba-ba-reeba!—Chicago's first Spanish tapas bar. Another was Scoozi—an Italian regional menu suitable for grazing or full-scale dining set in a 15th-century artist's workshop. Others include McMahon's—a hamburgers-and-potatoes partnership with Chicago Bears Football star Jim McMahon; The Everest Room, a four-star, now-public French restaurant opened originally for private LaSalle Club.

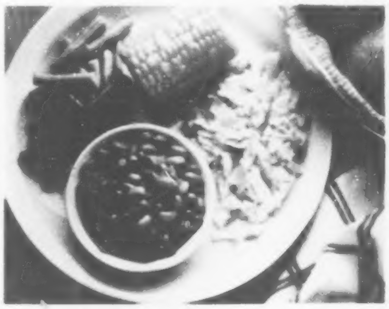
The most recent Lettuce openings go from one extreme to the other: the 50-year-old Wrigley Building Restaurant, a Chicago classic—and another Ed DeBevic's in Beverly Hills, Calif. The big news for 1987 is the addition of a management division, and expansion outside the Chicago area.

PRUFROCK RESTAURANTS INC.

All concepts other than Black-eyed Pea and Dixie House were spun off or sold prior to the purchase of Prufrock Restaurants Inc. by London-based Unigate in late '86. The company plans to continue cooking home-style American fare. Hottest-selling menu item is Chicken Fried Steak ($5.25). Other popular entrees include Mom's Meat Loaf ($4.75), Juicy Pot Roast ($5.75), skin-on Mashed Potatoes (95 cents).

New menu items in 1986 included Baked Whitefish ($4.95), Apple Crisp ($1.75) and daily entree specials. Beef Tips and broiled items will be added in 1987. The menu lists several options for the diet-conscious: low-cholesterol shortening used for frying, a Vegetable Plate entree ($3.50), and three special salads. "Home Cooking Worth Going Out For" is the 1987 ad motto.

continued on page 136



Home is where there's hearty: at the Black-eyed Pea.

400: THEME DINNER

MEET MARK AND LARRY

The Chicago-based Levy brothers are a prime example of a highly independent chain: They started as independents; their restaurants carry the hallmark ambiance and taste of independents.

From their first foodservice venture in 1976—D.B. Kaplan's, a delicatessan-style restaurant in Chicago's Water Tower Place—The Levy Organization has built a foodservice empire hard to match for diversity. Levy restaurants range from the fine-dining Spiaggia in the luxury high-rise One Magnificent Mile, to seven restaurants in Sears Tower in 70,000 square feet of space, and 11 concepts in the State of Illinois Building.

Levy caters food at the Chicago White Sox Park—35 18-seat suites, and in seven concepts at the Ravinia Music Festival in Highland Park, Ill. The Levys also created Chestnut Street Grill in 1979—a fine-dining seafood restaurant that has, according to the Levys, the first open kitchen in Chicago. Theirs also is Randall's Ribhouse, a Chicago favorite since 1982 and two Dos Hermanos Mexican restaurants. There's Rosie's Popcorn—carryout, and the Great Midwestern Ice Cream Co. Did we forget to mention Pittsburgh? The Levys run The Carlton, Eadie's Kitchen, Eadie's Market. And that's not all: L'Asie, a pan-Asian restaurant is in the offing. So are a country Italian inn with a garden and a '90s diner.

Full speed ahead! General Mills' The Olive Garden opens throttle for 1987 expansion.

***Abbondanza!* at The Olive Garden Restaurant, as General Mills' fastest-growing concept displays its personable staff and signature Italian fare.**

THE OLIVE GARDEN

The Olive Garden, now in a period of rapid expansion, got off to a slow, careful start, according to Bill Lombardo, marketing director. The idea was two years in the hatching, one year in the testing, and only after the first Orlando unit (opened in December 1982) had been refined by customer feedback was unit No. 2 opened. By mid-1985 only 4 units were opened, and the mid-priced, full-service concept moved cautiously into a second market. But by June 1987, there were 54 units in 12 states, and plans to open one unit per week. The target is 200 units by 1991.

He adds, "We have priced and portioned food so this can be an everyday dining experience." Full-meal entrees range from $4.95 for Spaghetti, to $10.95 for Shrimp Scampi and $11.50 for Steak Tuscany. The regular menu, which lists 11 varietal wines by the glass or bottle—in addition to house wines and Italian wine coolers—is augmented by daily specials. And, says Lombardo, "The Olive Garden staff is happy to provide menu variations, food preparation variations—and we'll even make off-menu items within reason if we have the food in the kitchen."

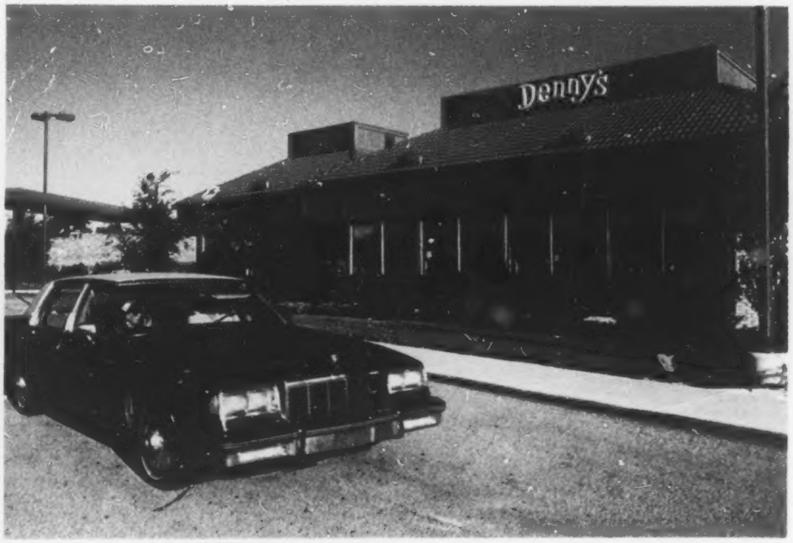
THE LEVY ORGANIZATION

One of the busiest Levy dinner houses, City Tavern, does a brisk breakfast, lunch and carryout business. Located in The Loop in Chicago's financial district, City Tavern has a customer profile that includes corporate executives, office workers and the before- and after-theater crowd.

The extensive breakfast menu covers all possible breakfast tastes, ranging from light and healthful items such as homemade fruit-topped yogurt ($1.95) to the heartier Country Combo, which consists of pancakes, eggs, bacon and hash browns ($3.95). The Eggsecutive Breakfast ($3.50) appeals to one type of customer, the Steak & Eggs ($6.95) to another (See "Meet Mark and Larry," this page). —*Nancy Ross Ryan*

Breakfast at the Tavern: City Tavern, Chicago, does a brisk one.

400: FAMILY DINING



Denny's has 1,176 units open nationwide.

Food Fight: Chains Compete for Dining Dollars

It's a war, all right, but operators are armed with freshly made food, fast service and clever marketing.

Having enjoyed steady growth during the last few years, operators in the family dining segment were disappointed by flat sales in 1986. Competition for dining dollars was fierce; it came from other operators in the same segment, from fast-food chains and from local independent restaurants. "Competition is definitely the name of the game," says Basil Cox, vice president of marketing for Eat'n Park Restaurants.

The competition has been felt most profoundly at breakfast as fast-food chains continue to add to their breakfast offerings, taking bigger and bigger bites out of a meal that has long been a high-profit center for the family dining restaurant. Additionally, growth in the breakfast segment, which was one of the most explosive in the past few years, slowed considerably in 1986.

How are operators in the family dining segment fighting back? Tactics vary. Some, like Country Kitchens, have dedicated themselves to perfecting the product and presentation that has worked for them in past years. "We're looking at what we've done well before and making that our future course," says Allan Post, Country Kitchen's senior vice president of marketing. "Your best bet for survival is to know your customers, and deliver to them more of what you do best."

Other chains have decided to expand their customer bases by menu expansion and diversification, and with promotions targeted at special groups such as senior citizens, families with young children, teen-agers or hotel guests. Tie-ins with hotel chains—specifically the limited-service hotels—have proven extremely successful for family-dining restaurants.

In 1986, restaurants in this segment seemed particularly attentive to the trends traditionally associated with more upscale restaurants. Certain regional cuisines—such as Cajun and Creole—appeared on menus and were well-accepted. Ethnic cuisines—such as Italian and Mexican—are becoming more and more prevalent; cold pasta salads and fajitas were both big sellers. Minnesota-based Happy Chef added a number of mesquite-grilled entrees to its menus in 1986. And most operators have responded enthusiastically to their customers' wishes for dishes that are light and healthful. Menus are showing more fresh fruits, vegetables and seafood, more broiling and stir-frying of entrees. Salads and salad bars continue to be upgraded.

Whether it's a beautiful salad or a plate of meat loaf and mashed potatoes, the family-dining customer is aware and appreciative of food that is made to order, and the phrases "homemade," "fresh," "freshly made" and "fresh-baked" abound. "There's definitely more cooking in-house," says Roseanne Bye, Denny's vice president of research and development. "Things are being made to order."

Industry analysts are predicting that 1987 will be a better year for family dining, and operators are optimistic. "All signs are pointing in our favor," Bye says. "The fast-feeders are diversifying, but they still can't offer the variety and quality that the family restaurant can."

DENNY'S

Denny's rolled out a new dessert program featuring upscaled, old-fashioned soda fountain-style recipes: shakes, sodas, root beer floats, banana splits, sundaes and strawberry shortcake made with pound cake. "We took a boring dessert menu and jazzed it up," says Denny's Roseanne Bye. "Customers who previously stopped in for just coffee are now ordering a dessert, too." Other menu changes in 1986 included the upgrading of salads, and new pairings of salads with other dishes: chili and salad, soup and salad and so on.

Burger and fries á la Bakers Square. The Taste of Baker's Square concept is VICORP's newest hit.

RESTAURANTS & INSTITUTIONS

In 1986, Shoney's introduced bite-sized shrimp, turkey club croissants and cheesecake.

In July 1987, Denny's introduced a number of entrees called "Delightful." Dishes include Lemon Chicken Breast, Seafood Pasta Primavera, an open-faced seafood sandwich and a fresh-fruit platter.

BIG BOY FAMILY RESTAURANTS

Big Boy continues to enjoy strong sales of its all-you-can eat Breakfast Bar. The new Taco Bar, introduced in units on both the East and West coasts, has also met with strong customer approval. In franchised properties, the four International Chicken Dinners—Oriental, Italian, Polynesian and American—are selling very well. Other chicken items—such as marinated and broiled boneless breast entrees—continue to increase in popularity, and the same goes for Big Boy salads, such as the Chefs Salad and Spinach Salad. "And the Big Boy hamburger," says Director of Marketing Vince Webb, "will always be a customer favorite."

SHONEY'S

In the past year, Shoney's added to its menus bite-sized shrimp, Reuben and turkey-club croissant sandwiches, beef tips, an eight-ounce ribeye steak, grilled and fried flounder, chicken teriyaki, breakfast bars and cheesecake.

The breakfast bars, offered every morning, hold scrambled eggs, bacon, sausage patties and links, hash browns, biscuits and gravy, blueberry muffins, fruit salad and fresh pineapple, cantaloupe and other seasonal fruit. The all-you-can-eat bar costs $2.99 Monday through Friday, $3.99 on weekends.

Promotions held during 1986 centered on standard menu items. For instance, Hawaiian-style chicken made with pineapples and green peppers provided the impetus for the Hawaiian

LEADERS IN FAMILY DINING

1
DENNY'S RESTAURANTS
Denny's Inc. (13)
Sales: $1,134.2
Units: 1,176

2
BIG BOY FAMILY RESTAURANTS
Marriott Corp. (4)
Sales: $1,002.1*
Units: 911

3
SHONEY'S
Shoney's Inc. (16)
Sales: $644.5MM
Units: 542

4
VILLAGE INN, BAKERS SQUARE
Vicorp Restaurants (40)
Sales: $502.8MM
Units: 445

5
PERKINS FAMILY RESTAURANTS
Holiday Corp. (11)
Sales: $315MM
Units: 328

6
INTERNATIONAL HOUSE OF PANCAKES
IHOP Corp. (72)
Sales: $264.1MM
Units: 450

7
BOB EVANS FARMS (87)
Sales: $220MM
Units: 175

8
MARIE CALLENDER PIE SHOPS
Ramada (27)
Sales: $204MM
Units: 128

9
COUNTRY KITCHEN INTL. INC.
Carlson Cos. Inc. (26)
Sales: $161.4MM
Units: 251

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400: FAMILY DINING

LEADERS IN FAMILY DINING

10 **KETTLE RESTAURANTS (139)**
Sales: $114.8MM
Units: 195

11 **J.B.'S RESTAURANTS INC. (145)**
Sales: $107.2MM
Units: 121

12 **ELBY'S RESTAURANTS INC. (194)**
Sales: $75MM
Units: 74

13 **BILL KNAPP'S MICHIGAN INC. (211)**
Sales: $69.6MM*
Units: 62*

14 **EAT'N PARK RESTAURANTS INC. (246)**
Sales: $56MM
Units: 45

15 **ELMER'S PANCAKE & STEAK HOUSE INC. (335)**
Sales: $38MM**
Units: 31

16 **FRONTIER ENT. (338)**
Sales: $37MM
Units: 28

17 **HAPPY CHEF RESTAURANTS (360)**
Sales: $32.5MM
Units: 51

18 **G.D. RITZY'S (386)**
Sales: $29.9
Units: 58

Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year; unit figures represent the number of units open as of 1/1/87. *R&I estimate, **company est., †commercial equivalent

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Bob Evans is experimenting with seasonal menu changes and regional menu items.

Chicken Giveaway, in which five families of four won trips to Hawaii.

Shoney's also has added a games-and-comics book to the children's menu and redesigned the senior-citizens' menu.

INTERNATIONAL HOUSE OF PANCAKES

At IHOP, the "Rooty-Tooty Fresh & Fruity Breakfast" was the big promotion of the year. (It includes two eggs, two strips of bacon, two sausages and a choice of two special pancakes: strawberry, blueberry, peach or cinnamon-apple.) Other breakfast promotions included the Passport (two eggs, two strips of bacon, two sausages and two pancakes: French, German, Swedish or buttermilk.)

IHOP also introduced a number of sandwiches this year: The Parmesan-Grilled Beef 'N' Cheddar, Classic Philly Cheesesteak, Super Stack Sandwich, Big Cheese, French Dip and the Hamburger Club Sandwich. Seafood Omelets are also new. The company also introduced four new salads including the Chefs Salad International and the Chicken or Beef Taco Salad.

In 1987, IHOP plans to add one breakfast item, two to four lunch items and one dinner item.

BOB EVANS FARMS

Improving food quality and service are the goals at Bob Evans. Like other family restaurants, the company strives to attract families. Saturday and Sunday breakfasts draw big crowds of families; not surprising, since the chain got its start with breakfasts. And the old standard, sausage and eggs, is the company's most popular menu item in the mornings.

Since Bob Evans restaurants are open all day, lunch and dinner warrant some attention. Several slow-selling items were taken off the menu to make room for newcomers, which included taco salad, patty melts, broccoli soup, spaghetti with meat sauce, turkey and bacon club sandwiches, oatmeal and peanut butter pie.

To increase market share, the 175-unit chain is experimenting with seasonal menu changes, and regional menus in Texas and the mid-South.

ELMER'S PANCAKE & STEAK HOUSE

In an attempt to better serve the 24- to 39-year old market, Elmer's has taken an overall approach of updating and upscaling. Says Chief Operating Officer John McDaniel: "We're enhancing our menus, adding new dishes—like

continued on page 162

Bob Evans now has 175 units.

400: FAMILY DINING

"Consumers are definitely eating lighter today," says Steve Pettise of IHOP.

DISHES THAT SELL

The following are the current best-selling menu items at some popular family-dining restaurants.
Big Boy: Hamburgers, salads, chicken dinners, boneless chicken entrees, Breakfast Bar, Taco Bar
Bob Evans Farms: Eggs and sausage at breakfast; Boneless Barbecued Ribs at dinner
Country Kitchen: Breakfast skillets and Calico Bean Soup
Denny's: The Grand Slam Breakfast (two eggs, two bacon strips, two sausage links, two pancakes); the Shrimp and Steak Dinner (a six-ounce sirloin with 12 deep-fried shrimp); and the Denny's Combo (hamburger, fries and choice of soup or salad)
Eat'n Park: The Breakfast Smile (two eggs, three bacon or sausage, hash browns or fries); salad bar; Super Burger; charbroiled chicken breast; Steak and Cheese Sandwich; and baked scrod
Elby's Restaurants: Seafood, at both lunch and dinner
Elmer's Pancake & Steak House: At breakfast, Elmer's Favorite Omelet (filled with ham, Swiss cheese and tomatoes, with hollandaise and a choice of hash browns and toast, or pancakes); at lunch, the Deluxe Cheeseburger; at dinner, filet mignon and prime rib
G.D. Ritzy's: Hamburgers
Happy Chef: The All-American Breakfast (pancakes, eggs, hash browns and sausage); and homemade vegetable beef soup
J.B.'s Restaurants: The Big Boy Hamburger
Kettle Restaurants: Coffee
Marie Callender Pie Shops: Chicken and turkey pot pies; meat loaf sandwich; and apple pie
Perkins: Summer salads; pancakes; omelets; coffee
Shoney's: Breakfast bar and salad bar

sautéed scallops and prawns—and upscaling others. We're also upgrading the decor in many units. We've found that our customers want high-quality American fare, and we're giving it to them."

COUNTRY KITCHENS

Country Kitchens added a number of new menu items in 1986: Calico Bean Soup (already one of the most popular items), the Hungry Man's Breakfast (three eggs, hash browns, a five-ounce sirloin, four slices of toast) and the Chicken Supreme (a lightly grilled boneless breast served open-face with fresh vegetables). The most successful dessert introduction has been the Country Upside Down Cobbler; sales have been so strong that a third fruit flavor—blueberry—is about to be added to the existing choices of apple and cherry. A recently introduced line of light desserts has not sold well and will soon be dropped from menus. Allan Post, senior vice president of marketing, explains: "We found that our customers really want grease and gravy—they don't want light desserts. If they're going to splurge, they're going to go whole hog."

An extensive line of hot bread items—rolls, biscuits, muffins and breads—is currently being test-marketed. "We want to deliver the true country image of bread," says Post, "and not just buttermilk biscuits. We want people to walk in and smell bread baking. That's very important in a country restaurant." And in keeping with the country image, Country Kitchens is planning to add some new "country favorites"—such as pot roast and barbecued ribs—to the dinner menu. —***Julie Mautner***

Country Kitchen has introduced an extensive line of hot, fresh-baked bread items.

400: CAFETERIAS

A Seasoned Segment Takes a Fresh Approach

Cafeterias are mixing new menu concepts and designs with old-fashioned know-how.

"Economy" and "variety" are the two words that best describe cafeteria dining. And those two qualities bring customers back again and again.

Cafeterias have their stronghold in the South, where there is a heavy concentration of older citizens. These customers give a great deal of business to cafeterias, where they can get a well-rounded meal for an average of $4.50.

Cafeterias cater to this clientele with foods that are not highly seasoned, as well as foods low in sodium, cholesterol and sugar. But they also attract families and younger people with a menu that can run from 75 to 125 items each day.

Recent additions to cafeteria menus look like those of a casual/theme dining menu: chicken teriyaki, stir-fried vegetables, rice salads, and more.

Self-service bars also are being integrated into cafeteria dining rooms. Popular self-service ice cream bars offer a choice of 12 toppings. A soup-and-salad bar gives diners a choice of nine rice salads.

The only obstacle restricting the growth of cafeterias seems to be an inability to break out of the Sun Belt and succeed in other parts of the country. Cafeteria companies hope to overcome this problem gradually by acquainting non-Southerners with the advantages of cafeteria dining. In addition, the graying of America may eventually boost cafeteria sales.

This phenomenon is playing right into the hands of cafeterias, according to Richard McGeouch, senior vice president of Morrison's Inc. "Cafeteria food is not as highly seasoned as food served in other types of restaurants and the cost is less." Check averages in the industry average $4.75.

McGeouch continues, "As time goes on, the cafeteria will become more popular. The dining rooms are as fine as you would find anywhere. Frankly, with the rat race and people opening restaurants on every street corner, cafeterias will be the great survivors."

MORRISON'S CAFETERIAS

As part of a diverse-concept foodservice company, Morrison's Cafeterias can borrow from expertise used in sister operations such as Ruby Tuesdays, Silver Spoon Cafes and L&N Seafood Grills.

All but two cafeterias have added open grills on the line, which adds a note of excitement to the dining concept. "A cafeteria traditionally has just been a rail line," says Richard McGeouch, senior vice president of Morrison's Inc. "Now we have a glass-enclosed grill, with the chef fixing chicken teriyaki (borrowed from Ruby Tuesdays' menu), seafood and other items. We are finding about 20% to 22% of customers are buying one of those items from the grill."

At the self-service sundae bar, customers can choose from 10 to 12 toppings to create their own signature items, for only 89 cents.

The fried shrimp is a popular item for people in the 20-to-40 year age group. Older clientele prefer broiled seafood. With its varied menu, Morrison's also does a good business with families, who enjoy a per-person check average of $4.56.

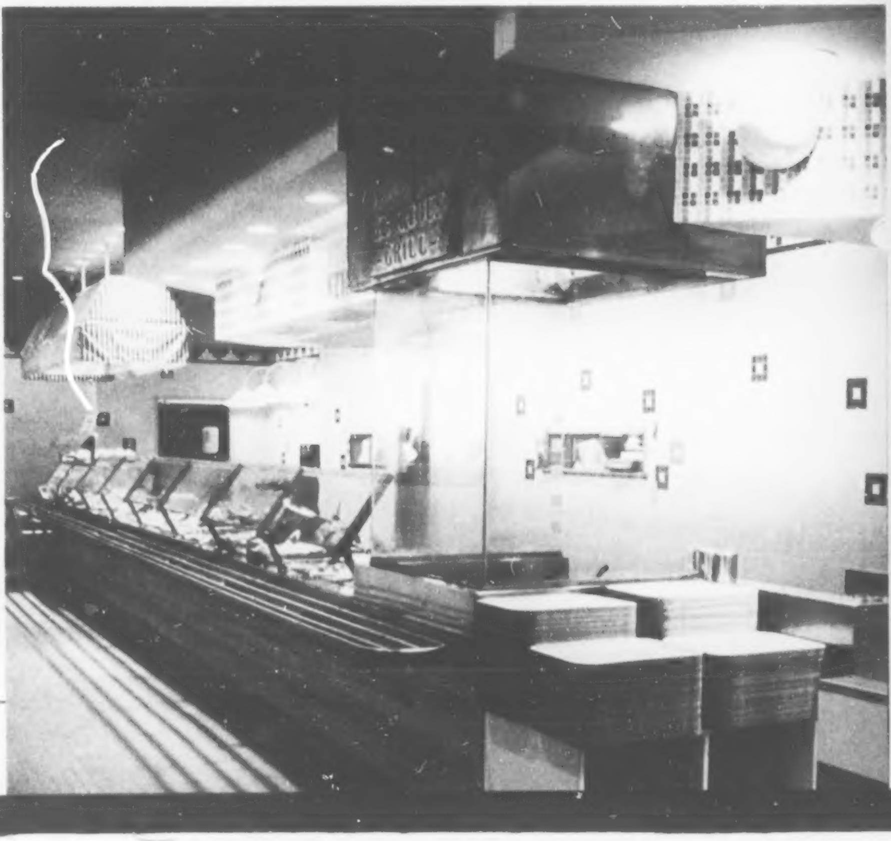
The cafeterias are undergoing major remodeling to give a new image to cafeteria dining. Everything is new, from the carpeting to the lighting. Thirty-five units were completed last fiscal year, with another to be completed this year.

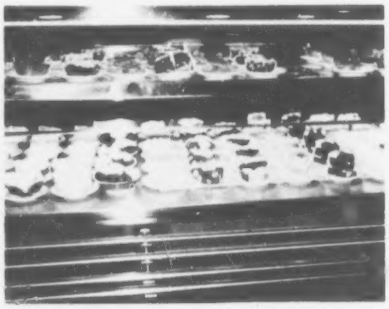
To help ease customers through the remodeling (the units do not shut down), Morrison's is holding a number of promotions, including giveaways of a television set and video cassette recorder. There is also a Manager's Day, when all customers leaving the restaurant are given a piece of cake by the manager to take home.

LUBY'S CAFETERIAS INC.

Desserts at Luby's Cafeterias account for about 6% of sales. "More important than that," says Vernon Schrader, vice president of marketing, "is the fact that we feel there is value in the way we merchandise them."

With the layout of the cafeteria, des-





Luby's menu features from 22 to 25 dessert selections.

serts are the first thing seen, although the last selection made. All of the desserts are made on premises, from scratch, without any preservatives. "The impression created by these desserts is that this is one heck of a food place," says Shrader.

"This is our concept all the way up and down the line," explains Schrader. "Foods and vegetables are made in small batches to maintain freshness."

Luby's management is extremely optimistic about the future. "There will always be a market for value, variety and nutritious food," Schrader concludes.

S & S CAFETERIAS

All foods prepared at S & S Cafeterias are prepared fresh every day. The menu includes breads, rice salads, casseroles, and other entrees and desserts.

The light and healthful trend continues, and S & S's contribution is The Lean Line, currently being tested. It consists of low-cholesterol, low-sodium, low-sugar, good-for-you dishes. Lean Line items include chicken teriyaki, stir-fried chicken with Chinese vegetables, stir-fried pepper steak and shrimp Creole on rice.

The Great American Favorite, a special available throughout the day, is a favorite lunch-time dish for office workers. For $2.99, they get a choice of four entrees (which change each day), a choice of any two vegetables, and bread with butter.

A serve-yourself soup and salad bar is also being tested. Like everything else, the salads are made from scratch. Chicken Salad with Amaretto is a house specialty.

Quickness with quality is what S & S is striving for in the future. To aid in speed of service, the service line area has been enlarged to accommodate the office worker who needs to get back to work in 45 minutes.

—Kathleen Marshall

LEADING CAFETERIA CHAINS

1 MORRISON'S CAFETERIAS
Morrison Inc. (32)
Sales: $291MM
Units: 153

2 PICCADILLY CAFETERIAS INC. **(83)**
Sales: $225MM**
Units: 111

3 LUBY'S CAFETERIAS INC. **(90)**
Sales: $215.1MM
Units: 94

4 WYATT CAFETERIAS INC. **(96)**
Sales: $195MM
Units: 120

5 INTERNATIONAL KING'S TABLE INC. **(168)**
Sales: $93MM
Units: 81

6 K&W CAFETERIAS INC. **(286)**
Sales: $45.3MM
Units: 19

7 MCL CAFETERIAS **(309)**
Sales: $42MM
Units: 27

8 S & S CAFETERIAS
Smith & Sons Foods Inc. (302)
Sales: N/A
Units: 19

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Upgrades: Morrison's Cafeterias (l.) are undergoing renovation. Previously thought of as all stainless steel, dining rooms are becoming warmer, more personable. At S & S cafeterias (r.), the emphasis is on fresh.

400: CONVENIENCE

Time Is on Their Side

Retail and convenience stores offer timely food products created to buy customers more time.

Comparing convenience stores and retail foodservice units is almost like comparing apples to oranges. The two attract completely different audiences, but they do have one common bond: Both provide services and food to help customers save time.

For continued success, convenience stores "need to recruit better people and retain them longer," according to Stephen Schwitalla, senior vice-president of Circle K Corp.

Another major issue is the possibility of more stringent legislation in regard to food handling techniques. This will become more important as convenience-store foodservice programs become more sophisticated.

For retail stores, "There will be a shakeout over the next several years, with renewed focus on foodservice," says John Lovelace, central director of foodservice of Dayton Hudson Dept. Store Co. "The majority must go with quicker service, small units and fast-food carryouts. That is where the potential profits lie."

Lovelace thinks many retailers are missing a rare opportunity. His studies show that food is becoming more important to retail customers than at any time in the last 20 years.

THE SOUTHLAND CORP.
The Works is the newest creation off 7-Eleven's drawing board. This is a fast-food theme restaurant within the convenience store. The menu consists of freshly cooked items such as hamburgers, Philly cheese steak, a wide variety of pastries, cookies, and much more.

A self-service fresh condiment bar offers 16 different toppings to top off hamburgers, hot dogs and other items. The company will test pizza by the slice in 1987 and deli-style sandwiches.

And 7-Eleven is working on joint ventures with Church's Fried Chicken and Hardee's. The fast food will be provided in a 300- to 600-square-foot area of the 7-Eleven stores and will be prepared by Southland employees.

Box Office Pizza, a delivery concept from Deliver Ease, offers its Memphis customers movie rentals along with their favorite pizza. This operation, along with other Carson's units, may be on the selling block.

7
ELEVEN
CHURCH'S

Combining forces: 7-Eleven and Church's. A match made in heaven?

CARSON PIRIE SCOTT & CO.
On the menu at Carson Pirie Scott & Co.: business transactions that will change the face of its foodservice ventures.

In a restructuring move, Carson Pirie Scott & Co. has agreed to sell Dobbs Intl. Services (airline catering), Dobbs Houses Inc. and Carson Intl. (airport terminal concessions) to the Greyhound Corp. for $390 million.

Other Dobbs Houses' businesses, including Deliver Ease Pizza, Ridgewell's Catering and Toddle House restaurants, may be sold to another company or to their employees.

In another business transaction, Carson's reached an agreement with J. Bildner & Sons, a chain of upscale grocery stores, to manage all of Carson's food operations. Also, J. Bildner & Sons grocery stores will be located in two Carson's stores. Each location will provide fresh produce, a butcher shop, a fresh fish department, a wide variety of imported and domestic cheeses, a broad selection of prepared foods, baked food and dessert items. Additional services will include telephone orders and home delivery.

CIRCLE K CORP.
"This has probably been our slowest year for new product introductions," says Stephen Schwitalla, senior vice president. "We are concentrating on selling and promoting the items that really sell the best. We are looking to streamline our menu."

Bestsellers include sandwiches: hot

Circle K Corp. allots 28% of floor space in new stores to self-service.

roast beef and Cheddar, hamburgers, submarine, hot ham and cheese. The Deli Fresh Lite sandwich line, in which all sandwiches are less than 300 calories, is also popular.

"We have reformulated our French Bread Pizza systemwide. This is a very popular item. We have been very low key on new menu item introductions, says Schwitalla. "We just rolled out an 89-cent hamburger and 99-cent cheeseburger systemwide."

DAYTON HUDSON DEPT. STORE CO.

"Dayton Hudson is out to maximize profit potential by offering customers a variety of quality, trend-setting foods and multiple food concepts that focus on efficient and timely service," says Lovelace.

"The changes that we have made in the sit-down restaurants involve serving our customers quicker," says Lovelace. "On the menu we have a picture of a chef moving rapidly, carrying food on a tray. This signifies foods that can be ordered so that the customer can be in and out in 20 minutes or less."

The other major change on the menu is to have a registered dietitian analyze the entire menu and to print calorie counts on selected items for those customers who are interested in caloric content.

Menus are redone three times a year, allowing Lovelace to ad'l trendy items to the menu. To make sure he is on the money, Lovelace updates a trend curve every six months.

The company has recently opened a prototype Marketplace unit in its Ann Arbor, Mich., store. This includes a Yogurt Express, carryout, upscale salads, such as pasta, seafood, etc., a large selection of mineral waters, prepared gourmet sandwiches, baked on-premises breads, muffins and cookies. —*K.M.*

Dayton's Marketplace sells quality fresh food for take-home customers.

CONVENIENCE AND RETAIL LEADERS

1
THE SOUTHLAND CORP. (22)
Sales: $875.9MM*
Units: 7,835

2
K MART (34)
Sales: $646.2MM*
Units: 1,968*

3
CARSON PIRIE SCOTT & CO. (43)
Sales: $465.7MM*
Units: 433*

4
F.W. WOOLWORTH (101)
Sales: $175MM*
Units: 1,070**

5
CIRCLE K CORP. (118)
Sales: $144.9MM*
Units: 3,500

6
DAYTON HUDSON DEPT. STORE CO. (206)
Sales: $70MM
Units: 299

7
CONVENIENT FOOD MARTS (210)
Sales: $69.7MM**
Units: 1,306

8
MAY DEPT. STORES CO. (225)
Sales: $62.7MM*
Units: 375**

9
McCRORY STORES (261)
Sales: $52MM**
Units: 325

10
CARTER HAWLEY HALE STORES INC. (271)
Sales: $50MM
Units: 110

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400: RECREATION

Nachos and hot dogs, topped with almost anything, rack up concession-stand sales.

Recreation Companies Succeed Despite Surprises

Leisure-foodservice contractors cannot stop a team's losing streak, but such things directly affect sales.

Foodservice contractors who serve Americans during their leisure hours must continually remind themselves that many of the ups and downs of their business are out of their control.

Terrorism in Europe and deregulation at home create turmoil in the airline industry. In-flight food contractors must cope by cutting costs, increasing productivity and stepping up service.

A stadium food-concession contractor hits home runs all season, with "its" teams going to both the World series and the Superbowl. Record attendance brings the challenge—and pleasure—of unheard-of concession sales.

On the other hand, changing attitudes lead to more restrictions on beer sales in stadiums. The contractor may have had nothing to do with the decision, but still bears the brunt of it

MARRIOTT CORP.

Like every company involved in passenger air travel, Marriott was affected by turbulence and mergers in the domestic air industry last year. Although the international terrorism scare meant a decline in international flights from U.S. airports, international business was good overall and Marriott ended the year with increased sales.

Those increases were due in part to new flight kitchens in Anchorage, Alaska, and in Hartford, Conn. Marriott acquired five new Canadian flight kitchens as well.

A "back to basics" program emphasized better customer service and increased productivity. Belt-tightening measures decreased administrative and labor costs.

OGDEN ALLIED AVIATION SERVICES

The past year was one of retrenchment for in-flight foodservice, says Arthur V. Raymond, vice president for sales and marketing of Ogden Allied Aviation Services. The company, which provides food and other support services for 80 airlines, saw a net drop of three accounts within the last 12 months, largely because of domestic airline mergers. On the other hand, international flights to Europe are up sharply this summer now that last year's terrorism scare has blown over.

On highly competitive routes, meal service has become a marketing lure, Raymond said, citing Pan Am's entry into shuttle service from New York to Boston and Washington, D.C.

International carriers may or may not demand national cuisine on board, Raymond said. Ogden supplies *coq au vin* to Air France and ravioli and cannelloni to Alitalia, but other carriers are content with a good-quality "Continental" meal with no national features. The Colombian airline Avianca asked Ogden to upgrade economy-class meals with consulting help from French chef Paul Bocuse.

HARRY M. STEVENS INC.

Harry M. Stevens has a sales performance this past year that anyone in foodservice would envy, though the company admits it had nothing to do with its stroke of luck.

The company, which provides contract foodservice for stadiums, arenas and race tracks nationwide, saw not one but two of its clients—the Mets and the Red Sox—face off in the World Series. Stevens cleaned up on food and beverage sales. Then a football client, the Giants, went to the Super Bowl.

This year, however, the company is seeing the development of a trend that will flatten beverage sales, said Robert W. Smith, the company's vice president of marketing. New policies—some self-enforced, some imposed by building management or athletic teams—are designed to control alcohol sales. At the San Francisco Giants' Candlestick Park, for instance, all vending of beer has been discontinued. Customers must go to a concession stand, where they are limited to two 12-ounce cups per purchase.

In food concession, Stevens is finding that frankfurters topped with chili, cheese, sauerkraut and more are popular nationwide. Nachos, once a hit only in the Southwest, are now gaining acceptance as far away as New York.

Service America offers cold-food selections at several race tracks.

AMTRAK

The nation's passenger rail corporation is working to replace the "old-time railroad tradition" with a new tradition of excellence in foodservice, said Harold C. Kabel, director of food, beverage and equipment standards for Amtrak.

Working from a master cookbook, each chef makes menu selections appropriate to the region the train is passing through—brook trout for Colorado, chicken hacienda for California. Vegetarian selection usually is pasta.

Club cars on shorter runs have only microwave ovens for food preparation. Breakfasts feature bacon-egg-cheese and sausage-egg-cheese English muffins, as well as cranberry-nut, bran-date-nut and banana quick breads.

Cold meals are served in a "picnic basket" presentation, with sandwich, fruit and cookies packed in a wicker basket. ***—Rita R. Rousseau***

COOKIES
ICE CREAM
COOKIES

Ice cream and cookie concessions, another Service America option, also do well at race-tracks.

LEADING RECREATION CONTRACTORS

1 **MARRIOTT CORP. (4)**
Sales: $5,051.4MM
Units: 4,723*

2 **TW SERVICES (8)**
Sales: $2,449.2MM*
Units: 3,862*

3 **UNITED AIRLINES**
Allegis (28)
Sales: $732.1MM†
Units: 343**

4 **OGDEN ALLIED SERVICES CORP. (52)**
Sales: $370MM
Units: 1,725

5 **EASTERN AIRLINES (63)**
Sales: $286.8MM†
Units: 101

6 **HARRY M. STEVENS INC. (105)**
Sales: $168MM
Units: 35

7 **NORTHWEST ORIENT AIRLINES (142)**
Sales: $112MM†
Units: 3

8 **AMTRAK (252)**
Sales: $55MM**
Units: 344

9 **SEA WORLD**
Harcourt, Brace Jovanovich (276)
Sales: $48.7MM
Units: 58

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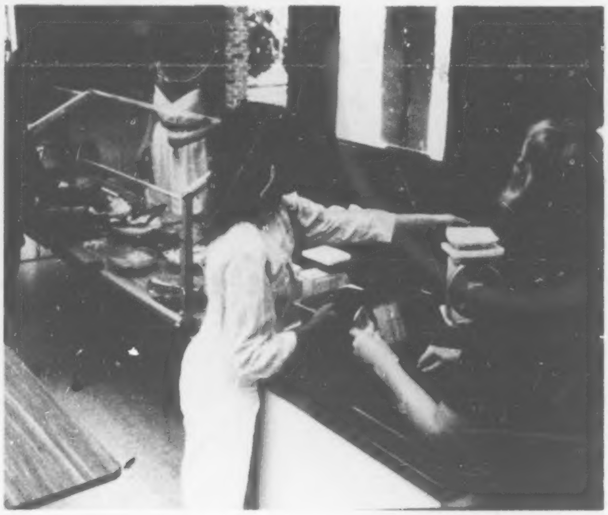
400: EDUCATION

Schools Ask More from Foodservice

Breakfast, snacks and summertime meals have joined lunch under the school foodservice umbrella.



Salad bars are part of New York school's "Energy Factory," a cafeteria designed to look like a fast-food restaurant.

School foodservice managers once had a simple mandate: feed children lunch. But times have changed, and foodservice is called upon to do much more, particularly in large districts serving many poor children.

Now the menu includes not only lunches, but also breakfasts, after-school snacks, even meals during the summer when schools are not in session. Now nutrition education programs fall under the aegis of foodservice. And if all that is not enough, foodservice operations are also expected to market their services.

LOS ANGELES UNIFIED SCHOOL DISTRICT

The Los Angeles School District is "just beginning to experiment" with debit cards instead of cash for food purchases, reports Randy Altenberg, deputy director of the Food Services Branch.

"It's worked out pretty well," Altenberg says. "Kids see so much ATM usage on TV and on the part of their parents. They enjoy going through the line and putting their card in the machine."

The district, which already has the largest school breakfast program in the country, is inaugurating a "latchkey" after-school program with government-subsidized snacks.

For lunch, menu news includes *piroshky* (or, if you prefer, *empanadas*) and breaded pork steaks, both successfully tested during the 1986 school year, says Anita King, nutrition services manager.

UNIVERSITY OF WISCONSIN

Freedom of choice for students—and meeting off-campus competition for students' food dollars—are the goals of the "a la carte" food contract program which the University of Wisconsin has been slowly inaugurating for the past several years.

Students can choose small, average or heavy eater categories, Cleary says, and can take their meals anywhere on campus, not just in their own dorms.

Cafeterias are supplemented by "convenience stores" in dorms and other high-traffic locations on campus. The shops sell toiletries as well as cold or microwavable sandwiches, cheese, yogurt, fruit, juices and soft drinks—the latter particularly in demand to stock dorm refrigerators.

A particular challenge for foodservice operations (run by the university at four of the 13 campuses, by contractors at the other nine) is the changing beverage picture, Cleary notes. Thanks in part to a new law raising the Wisconsin drinking age from 18 to 21 (with 19-year-olds "grandfathered"), alcoholic beverage sales slumped 35% to 50% last year, depending on the campus. Changing customs have created a void in students' social lives that foodservice managers are attempting to fill. Bar areas are being converted to foodservice areas, or remaining as social lounges with more emphasis on non-alcoholic beverages, food and entertainment.

NEW YORK CITY BOARD OF EDUCATION

Nowhere in the world is culinary competition stiffer than in New York City, and public schools are in the thick of it.

Like their commercial cousins, school foodservice personnel have chosen sophisticated marketing programs as the main weapon in their battle for customers. No fewer than five poster and ad campaigns are in the works or have recently been presented to the public, according to David Liss, special assistant for communications in the Office of School Food and Nutrition Services.

The district worked with the American Dairy Association last year on a "Let's Do Lunch" poster featuring what Liss described as a "moody, artsy black-and-white photo of cool-looking teens" with bright red lettering and an inset color photo of the food.

"Lunch for Breakfast" programs play with traditional mealtime favorites.

RESTAURANTS & INSTITUTIONS

LEADERS IN SCHOOL FOODSERVICE

1 **NEW YORK CITY BOARD OF EDUCATION (84)**
Sales: $222.7MM†
Units: 1,200

2 **LOS ANGELES UNIFIED SCHOOL DISTRICT (106)**
Sales: $165.5MM†
Units: 572

3 **CHICAGO BOARD OF EDUCATION (158)**
Sales: $97.1MM†
Units: 591

4 **CALIFORNIA STATE UNIV. CAMPUSES (220)**
Sales: $66.2MM†**
Units: 38

5 **HOUSTON INDEPENDENT SCHOOL DISTRICT (257)**
Sales: $53MM†
Units: 226

6 **DADE COUNTY SCHOOLS (258)**
Sales: $52MM†
Units: 281

7 **UNIVERSITY OF WISCONSIN SYSTEM (268)**
Sales: $50.4MM†
Units: 141

8 **STATE OF HAWAII SCHOOL FOODSERVICE (312)**
Sales: $41.6MM†
Units: 227

9 **DALLAS INDEPENDENT SCHOOL DISTRICT (315)**
Sales: $40.6MM†
Units: 183

10 **MICHIGAN STATE UNIVERSITY (320)**
Sales: $40MM†
Units: 43

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400: EDUCATION

College campuses must compete with commercial fast food.

GETTING A QUICK FIX

To many college students, a varied diet means visiting McDonald's one day, Burger King the next, followed by Taco Bell, Kentucky Fried Chicken and a phone call to Domino's Pizza. Indeed, quick-service items figure prominently in a student body's daily intake.

In light of this fact, many college dining services have introduced concepts designed to compete directly with fast-food operations.

At California State University's Long Beach campus, the newly renovated University Dining Plaza attracts many types of appetites. Besides faculty and staff dining areas, the Plaza also features an International Cafe (Mexican, Oriental, Italian and Continental), the A La Mode (yogurt and lighter foods) and the Nugget (pizza, beer and gourmet hamburgers).

Because work on the new concepts is not yet complete, quantitative results of the units' effectiveness are not available. However, university officials are confident the Plaza will be a success.

Alcohol-free bars emphasizing food help colleges deal with changing drinking laws.

In another effort to compete with off-campus alternatives, the district has converted some school cafeterias to an "Energy Factory" format, with the look of a fast-food restaurant and fast-food alternatives offered in addition to hot lunches and a salad bar. Although the Energy Factories have been popular, the format is being rethought, Liss says, because of mixed feelings about school cafeterias being identified with fast food.

CHICAGO PUBLIC SCHOOLS

Foodservice staff members of the Chicago Public Schools are looking forward to the construction this fall of a new testing facility with more sophisticated equipment for measuring microbial contamination as well as other elements of food quality.

Staff will test foods purchased for use in Chicago schools and monitor foods prepared in school kitchens, explains Betty Davenport, training director.

The expanded, relocated facility also will include a "cookie factory," where initially cookies will be baked for distribution to schools that do not have adequate baking facilities. Eventually, all cookies and many other baked products may be produced there for distribution systemwide.

Chicago has one of the largest school breakfast programs in the country, each day serving breakfast to 70,000 to 73,000 children. "Lunch for breakfast" and "breakfast for lunch" promotions have been among the most successful menu innovations of the past year, Davenport says. The former has included pizza (always a big hit) and hot soup; the latter, pancakes and sausage served in large enough portions to meet nutritional requirements for lunch.

—R. R. R.

At University of Wisconsin schools, students deem themselves small, medium or heavy eaters, and pay accordingly.

400: MILITARY

Military Traypacks provide troops with hot food anywhere they need it.

New Military Foodservice Pushes Troops To Health

Fast-food franchises offer soldiers a taste of civilian life, while healthy mess keeps them in shape.

From elegant officers' clubs to cafeteria lines, managers of military foodservice are gently pushing their clientele toward healthier eating habits. They substitute lowfat milk for whole milk, replace salt shakers with herbal seasonings, and broil or bake instead of fry. Officers' clubs promote more elegant food and de-emphasize liquor; troop cafeterias display nutrition posters.

Acceptance of the innovations has been good, the foodservice managers say. Military men and women, like the civilian population, are becoming more attuned to nutrition.

Increasingly, military foodservice duplicates taste treats available in the civilian economy—from ethnic foods to *haute cuisine* to burgers from a familiar fast-food chain.

U.S. ARMY TROOP SUPPORT AGENCY

U.S. Army foodservice managers from posts around the world gathered this March at Ft. Lee, Va., to brainstorm ways to implement nutrition standards mandated by Army Regulation 40-25, which requires Army foodservice to come into line with nutrition recommendations of the U.S. Surgeon General.

Participants were enthusiastic about troop response to the program, says Alice Skinner, chief of the dietary programs division of the Directorate of Food Service, U.S. Army Troop Support Agency.

To discourage sodium use, for instance, some managers reported that they had placed herbal seasoning mixes on the serving line and that troops were using them. Others, who had removed salt shakers from tables, told their colleagues that requests for the missing salt has been minimal.

Army foodservice managers have found ways to reduce fat and cholesterol content of the foods they serve. Milk dispensers now stock lowfat milk, with whole milk available only in individual containers and only when troops request it.

ARMY AND AIR FORCE EXCHANGE SERVICE

For several years, the Army and Air Force Exchange Service has used franchises to give troops a taste of familiar chain restaurants, ranging from Burger King to Baskin-Robbins. Now, AAFES is developing its own brand-name concepts for pizza, submarine sandwich and hot dog eateries on military bases, says Henry J. Fournier, chief of the food branch.

Each concept will use the same sort of standardized decor and menu that a commercial chain would, Fourier says. The three types of restaurants will be distinct from each other, and each will have its own catchy name.

AAFES strives to duplicate consumer culture on Army and Air Force bases. "Fun Food Centers," for instance, offer slushes and flavored popcorn. As a licensee, the service bakes Country Hearth breads in its eight bakeries and

RESTAURANTS & INSTITUTIONS

produces Weight Watchers novelty desserts in its two ice cream factories.

AIR FORCE OPEN MESS SYSTEM

Upgrading quality, enhancing nutrition and increasing family appeal have been the emphases of the Air Force Open Mess System this year, says Dr. Lionel W. Simmons, chief of the Open Mess Branch of the Air Force Morale, Welfare and Recreation office.

Quality upgrading in the Open Mess System's 260 officers', non-commissioned officers' and consolidated clubs focuses on staff training, Simmons says. Managers of clubs throughout the system receive training in food presentation and service, then train subordinates.

As in the civilian sector, liquor consumption in Air Force clubs has been declining as the emphasis on food has grown. Menus have been modified to lower fat and cholesterol, with less frying and more broiling.

AIR FORCE ENGINEERING AND SERVICES CENTER

Managers of Air Force foodservice operations for enlisted personnel are excited about the new SIMS computer program that will enable them to track inventory and cash register receipts by the meal, by the day or by the month. And cooks are excited because the program lets them call up any of 2,000 recipes, reminds them how popular the item was last time it was served, recommends the right number of servings to avoid waste, multiplies the recipe by that number and advises them when to start preparation.

The software is part of a multimillion-dollar billeting program, says Germaine G. Gotshall, chief of the food management division. It passed a six-month test last year at Davis Monthan Air Force Base in Tucson, Ariz., and is now being used at about six bases.

Foodservice operations for Air Force enlisted men have been making fuller use of equipment and enhancing troop nutrition by stocking self-serve breakfast items at salad bar stations. Choices include fresh fruits and juices, breads and pastries, ready-to-eat cereals, yogurt and cheese.

Despite new dietary guidelines, young enlisted men still like fried foods; foodservice operations have compromised by offering more oven-fried items. Lowfat milk is displayed more prominently than whole milk, and has gained acceptance. Whole-grain breads are available and fish is served frequently. Ethnic nights are promoted as often as once a week.

U.S. NAVY FOODSERVICE SYSTEMS OFFICE

Two separate computer programs are in the works at the Navy Foodservice Systems Office, says Lieutenant Commander Henry F. Pettaway, director of planning and administration.

One, which will automate financial recordkeeping for foodservice, will be implemented beginning this year on Navy ships and phased in later for onshore facilities.

Like other branches of the service, the Navy is working to upgrade facilities throughout the system and to give those who dine there a healthier, more varied cuisine. The Navy added papaya to its menus in 1986, and moved on to exotic kiwifruit this year. ***R. R. R.***

Mess-hall nutrition campaigns include lowfat milk, whole-grain bread.

Military foodservice kitchens are producing more low-salt, lowfat meals.

MILITARY FOODSERVICE LEADERS

1	U.S. ARMY CLUBS AND RECREATION (29)	Sales: $715.1MM†	Units: 631
2	U.S. ARMY TROOP SUPPORT AGENCY (30)	Sales: $700.8MM†	Units: 1,105
3	ARMY AND AIR FORCE EXCHANGE SERVICE (41)	Sales: $496.9MM†	Units: 2,732
4	AIR FORCE OPEN MESS SYSTEM (48)	Sales: $409.8MM†	Units: 502
5	U.S. AIR FORCE (55)	Sales: $329.6MM†	Units: 672
6	U.S. NAVY OFFICERS AND ENLISTED MESS SYSTEM (85)	Sales: $222.4MM†	Units: 256
7	NAVY RESALE SERVICES AND SUPPORT OFFICE (130)	Sales: $125.5MM†	Units: 538
8	VETERANS CANTEEN SERVICE (150)	Sales: $104MM†	Units: 175
9	U.S. COAST GUARD (244)	Sales: $56.8MM†**	Units: 398

Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year; unit figures represent the number of units open as of 1/1/87. **R&I* estimate; **company est.; †commercial equivalent ©1987 *Restaurants & Institutions*, a Cahners publication

400: HEALTH CARE

Networking, Computers Aid in Caring for Patients

Administrators pour creativity into foodservice, as they realize its importance to well-rounded health care.

Both computer power and human brainpower are being plugged into hospital and health-care foodservice systems in an effort to cut costs and improve productivity, service and the nutritional value of meals served. Decreasing profitability in the industry and more stringent government regulations on both reimbursement and nutrition have forced dietary managers at large companies to think creatively.

Some are harnessing computers to serve their needs, helping them with purchasing, production and patient requirements and preferences.

Others bring together managers of once-autonomous operations to share successes and failures, implement standard procedures and dream up possible improvements.

Menus are being rethought, with some companies moving toward cycle menus, and others implementing restaurant-style menus.

One thing is certain: The relevance of foodservice to both medical and marketing needs is seen more clearly than ever.

NATIONAL MEDICAL ENT.

A dietary quality standards committee, composed of eight foodservice directors from around the country, has been established by National Medical Ent. to network, share specific successes, create a standardized procedures manual and evaluate staff training, reports Larry A. Loman, the company's director of dietary services.

One committee member is an executive chef; the rest are registered dietitians, Loman notes.

The company also is encouraging dietary workers to join professional associations.

Hospitals in the system function with a great degree of autonomy, so trends are difficult to spot. Several are rehabilitation and psychiatric hospitals where patients generally go to a cafeteria for meals, rather than having meals delivered on a tray.

Some of the company's acute-care hospitals are moving toward a restaurant-type menu offering several selections that do not change daily.

Simplification and elaboration of foodservice are contrasting trends. Either may be appropriate for a particular market, Loman explains. In areas of strong competition and affluent population, gourmet food can be an important marketing tool. Where most patients are on Medicare or Medicaid, cost containment becomes the pre-eminent concern.

Nursing-home companies are paying more attention to food quality, as well as patrons' likes and dislikes.

RESTAURANTS & INSTITUTIONS

Hospital administrators check trays against patients' dietary needs and food preferences.

HOSPITAL CORP. OF AMERICA

"The most fun thing we've ever gotten to do" is the way Mary Welsh Owen, manager of dietary services for Hospital Corp. of America, described the regional task forces that her department set up to help refine foodservice operations in the 389 hospitals the company owns and manages.

Now, each divisional group of 10 to 24 hospitals has ongoing culinary and purchasing task forces that work together to standardize cafeteria pricing, figure the cost per day and per patient meal for each hospital and region, and monitor competitiveness. Members of the task forces also seek volume deals from vendors. Implementing the recommended changes has saved some divisions as much as $1 million to $2 million, Owen says.

Although each hospital in the system is different, most are moving away from restaurant-style menus and toward cycle menus, Owen says. Previously, cycles lasted as long as three to four weeks before a menu item was repeated; since patient stays are now usually no longer than five or six days, cycles now average eight to 16 days.

Cost containment has become more and more important, Owen says, and elaborate menus are being rethought. "Food that the patient is familiar with, presented in an attractive way" is the current goal, she says. Preferences of geriatric and ethnic patients are taken into account. Still, gourmet meals may be used in OB wards as a marketing tool, and in cancer wards to tempt patients with queasy stomachs.

BEVERLY ENT.

The company reorganized in 1986, and made a commitment to quality that led to an internal auditing and a push toward standardization of department procedures. For dietary services, that also meant standardization of food quality in the company's 1,100 nursing homes.

This summer, the company inaugurates a corporate training program. Dietary personnel will undergo a week of

TOP HEALTH-CARE COMPANIES

1 **NATIONAL MEDICAL ENT. (64)**
Sales: $280.5MM
Units: 563

2 **HOSPITAL CORP. OF AMERICA (68)**
Sales: $273.5MM†**
Units: 389

3 **BEVERLY ENT. (65)**
Sales: $253.4MM*†
Units: 1,100

4 **UNICARE HEALTH FACILITIES INC. (129)**
Sales: $126MM†
Units: 600

5 **HUMANA INC. (190)**
Sales: $78.2MM*
Units: 87

6 **AMERICAN MEDICAL INTL. (222)**
Sales: $64.2MM*
Units: 122

7 **HEALTHCARE SERVICES OF NEW ENGLAND (267)**
Sales: $50.4MM†
Units: 409

8 **THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY (307)**
Sales: $42.5MM†
Units: 200

9 **DIETARY CONSULTANTS INC. (341)**
Sales: $36MM†
Units: 65

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400: HEALTH CARE

To add appeal, health-care facilities are both simplifying menus and adding fancy touches.

intensive training in Atlanta.

Some 100 registered dietitians were hired systemwide to implement the new programs.

HUMANA INC.

Although dietary operations of the 87 hospitals in the Humana system are completely autonomous, some trends can be tracked, says Patrick Stone, senior manager of public affairs.

More outpatient procedures mean a declining inpatient load, and days per patient have been going down, too. Patient-days in Humana hospitals totaled 3.069 million in 1986 versus 3.142 million in 1985—a 2.3% drop. Because of that drop, productivity and cost-effectiveness are of greater and greater concern.

Foodservice is an important part of hospital marketing and patient morale, so more attention is being paid to technical aspects of improving presentation, Stone says. Those aspects might range from new cafeteria decor to training employees in a more gracious attitude of service.

DIETARY CONSULTANTS INC.

"The biggest thing in foodservice since the oven" is how Harry L. Young, vice president for sales and marketing at Dietary Consultants Inc., describes the company's new "MenuSoft" computerized diet card system. A bit of an exaggeration, perhaps, but the program does have some impressive abilities.

DCI, which manages foodservice for nursing homes (and two upscale retirement homes), designed the programs to help foodservice managers cut costs and conform to nutritional guidelines by tracking what a resident actually eats. Each patient's diet and analysis begins with an audit of what is on the patient's tray, both before and after the meal. Then, the individual's dietary restrictions and requirements, and food preferences are entered into the program and matched against the available menu.

After analyzing each patient's food habits and needs, the computer prints out an individualized menu with appropriate portions. After doing the same for all patients, it calculates production needs and prints out production sheets.

Young ticks off the advantages of the system: it reduces mistakes, increases patient food intake, eliminates hand tallying, increases trays-per-minute productivity, reduces employee training time, lowers the potential for state survey deficiencies caused by item error, and enhances production and cost control. ***—R. R. R.***

TO MARKET, TO MARKET

While some hospitals only recently have recognized foodservice as the asset it is, others have capitalized on its merits for years. Just look at Hospital Corp. of America's North Florida Regional Hospital in Gainesville, Fla.

Room service, off-premises catering and senior-citizen discount meals are only a few of the many programs offered at North Florida. And none of these are new. "We started our services long before 'guest relations' was the vogue term," says Director of Marketing Marilyn Tubb.

The discount-meal program, in place for nearly 10 years, offers area seniors breakfast and dinner at 25% off the regular price. "We really don't need to promote it any more," says Tubb. "Now it just grows by word of mouth."

The hospital's room service and catering operations also enjoy loyal followings, as does the food co-op offered to employees. Another program, more public-relations than marketing oriented, devotes cafeteria revenues from time to time to worthy causes. "Sometimes it's an association in need, sometimes it's for a family burned out of their home," says Tubb. "We just want to show we are a user-friendly institution."

Foodservice consultants to retirement homes use computers to keep track of guests' dietary needs.

Menu Concepts Help Contractors Go Commercial

Foodservice management firms find the most effective way to keep customers in is to go all-out.

As the battle to keep customers in rises to a fevered pitch, contract-management companies have begun developing their own versions of the fast-food, healthful-food and signature concepts that have been successful in commercial foodservice.

Wood Co. and Canteen signature items, dāka's J.P. Swift's, ARA's Treat Yourself Right—each of these programs were developed in response to what customers said they wanted. Furthermore, all signify that the wall between commercial and institutional offerings is crumbling.

In school, college, health-care, and business and industry accounts, contractors are melding the formulas of commercial counterparts to match customers' demands and fit their own marketing needs. The following profiles provide excellent examples of how many concepts—quick serve, light and healthful, and classic quality, to name a few—can transcend the boundaries of the commercial segment and appear in a wide variety of contracted settings.

ARA SERVICES

Customers at more than 500 ARA accounts are treating themselves to healthier life styles, thanks to that company's latest wellness-oriented menu program. Introduced in March, 1986, ARA's Treat Yourself Right menus offer more than 200 alternatives designed to reduce caloric intake as well as limit sodium and fat consumption.

All TYR items follow American Heart Association guidelines for healthful eating. Some foods, such as fresh fruits and vegetables, are naturally nutritious; others' nutritional values have been enhanced through modified preparation techniques.

TYR meat and fish entrees are baked or broiled rather than fried, and high cholesterol and high-fat ingredients are avoided in all recipes. Fried shells for taco salads have been replaced with glass bowls and vegetables are substituted for meat toppings on pizzas.

Besides healthful foods, ARA also provides its customers with a wealth of nutrition information generated by company dietitians. Leaflets on diet and exercise as well as information on specific nutrients is readily obtainable in ARA cafeterias offering the Treat Yourself Right program.

CANTEEN CORP.

Signature items are a wave of the '80s, and Canteen is riding the crest. Beginning with its Bigger Better Biscuits, introduced last year, the company has rolled out a series of signature items promoted with couponing and point-of-sale merchandising.

"The biscuits have gone over well everywhere—not just in the South as you might expect," says Sheldon Silver, Canteen's director of marketing services. "We're just beginning a national rollout of our pizza, and more items are scheduled for later this year."

Canteen also has increased its emphasis on customer quality-awareness. The company's 100% Colombian Coffee program has received excellent response from clients and customers.

"All the things we're doing are to illustrate that we're as interested in their (the customers') tastes and interests as are the commercial establishments," says Silver. "When people go out to eat, they expect a certain level of service. We've been doing that for years."

GREYHOUND CORP.

Greyhound renamed its contract foodservice division Restaura to more accu-

dāka's J.P. Swift's items are packaged to eat in or on the run.

Lighter preparation techniques make ARA's Treat Yourself Right foods low in fat and sodium.

rately reflect the role it fills—*restaurant* management as opposed to merely foodservice. Now, to achieve a truer sense of the word, the company has added even more menu programs to its already-expansive list.

Restaura's corporate dining division offers customers a variety of eating options, ranging from light and healthful to classic American cuisines. Nutrition, diet and exercise are the focus of Restaura's Countdown to Wellness program; Eatin's Easy offers customers a choice of soups and salads, fast-food-style sandwiches or full-course meals.

American Harvest, another corporate-dining offering, emphasizes traditional foods plus quality and freshness. Menu selections range from farm-fresh breakfasts to poultry, beef and seafood entrees, and freshly made desserts; all are tailored to fit operations' specific needs.

Another Restaura division, leisure services, provides foodservice to a wide range of accounts, from the San Francisco Opera to the Philadelphia Civic Center, fine dining and concessions.

SEILER CORP.

According to industry statistics, pizza is the second-fastest growing fast-food category in the country, while delivery is the fastest-growing service. Seiler's Pizza Plus concept joins these two formulas to form what company officials hope will be a winning combination.

"Most units already serve pizza," says Seiler's Susan Valenti. "Pizza Plus just takes that one step further by adding a delivery number." She says the concept was developed primarily for college accounts, but will be added at other locations if the need arises.

Another plan on the Seiler drawing board has its roots in commercial food courts. Through the use of special signs and color schemes, the company plans to turn cafeteria soup, salad, deli and dessert areas into concept stations. Valenti says the company will unroll this food court concept in college cash operations first, then move on to hospital, and business and industry accounts.

CUSTOM MGMT. CORP.

Although recently purchased by Morrison Inc., for now it's business as usual at Custom Management Corp. The company plans to continue offering its diverse selection of menus, each of which is tailored to meet the needs of specific

A wok on the serving line prepares foods to order in Greyhound's upscale American Harvest program.

LEADING CONTRACTORS

1 **MARRIOT CONTRACT FOOD SERVICES DIV.**
Marriot Corp. (4)
Sales: $2,250MM*
Units: 2,200*

2 **ARA SERVICES INC. (7)**
Sales: $2,632.3MM†*
Units: 3,456*

3 **CANTEEN CORP.**
TW Services (8)
Sales: $1,352MM*
Units: 3,200*

4 **SERVICE AMERICA CORP. (19)**
Sales: $1,001.9MM
Units: 11,546

5 **OGDEN ALLIED SERVICES CORP. (52)**
Sales: $370MM
Units: 1,725

6 **GREYHOUND FOOD MGMT. INC. (53)**
Sales: $350MM
Units: 439

7 **DELAWARE NORTH COS. INC. (74)**
Sales: $250MM
Units: 292

8 **SZABO FOODSERVICE CO. (77)**
Sales: $246.7MM†*
Units: 371*

9 **FOOD CONCEPTS INC. (80)**
Sales: $225MM†
Units: 633

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400: CONTRACTORS

LEADING CONTRACTORS

10 **THE SEILER CORP. (86)**
Sales: $220.2MM*
Units: 540*

11 **CUSTOM MGMT. CORP. (92)**
Sales: $202.6MM
Units: 417

12 **HARRY M. STEVENS INC. (105)**
Sales: $168MM
Units: 35

13 **WOM ENT. INC. (115)**
Sales: $147MM†
Units: 44

14 **CLUB CORP. OF AMERICA (120)**
Sales: $140MM
Units: 206

15 **DĀKA (125)**
Sales: $128.9MM†*
Units: 311

16 **FOOD DIMENSIONS INC. (127)**
Sales: $126†
Units: 95

17 **THE WOOD CO. (146)**
Sales: $106.8MM
Units: 140

18 **GUEST SERVICES INC. (151)**
Sales: $100MM
Units: 122

19 **THF-EASTERN (166)**
Sales: $93.8MM†
Units: 280

20 **PROFESSIONAL FOOD SERVICE MGMT. INC. (182)**
Sales: $82.8MM†*
Units: 105

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Despite rapid growth, successful contractors stress quality rather than quantity.

market segments.

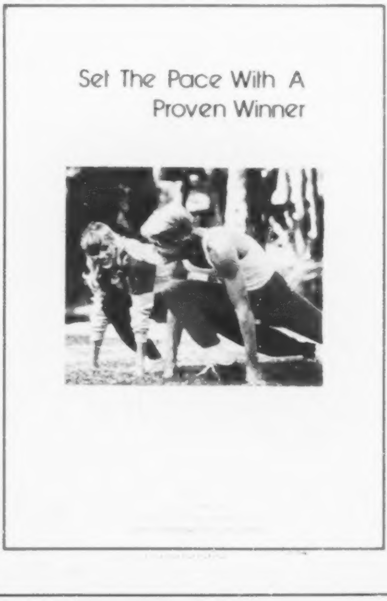
One change, though, initiated before the sale, will have quite an impact on the types of foods CMC offers. The company's entire recipe file—more than 900 formulas in all—has been revised to reflect industry trends toward more healthful cuisines. Less fat and salt, more fiber, and a greater selection of "lighter" fare will distinguish the new, improved menu items.

These revisions come on the heels of Options, CMC's light-and-healthful menu program introduced last year. Offered along with regular menu items and identified by a large red check, Options selections feature an entree, starch and vegetable that together total 400 to 450 calories. The program stresses diet modification while introducing customers to new foods and lighter preparation methods.

DĀKA

dāka describes its basic menu fare as "wholesome, nourishing food." But last year the Wakefield, Mass.-based foodservice management company took this concept one step further, introducing a line of quick-service items called J.P. Swift's.

True to its name, Custom Management offers customized concepts.



Set The Pace With A
Proven Winner

Bright and bold, Swift's is dāka's response to customer demands for quality and speed. Offered in corporate and college accounts, the concept has met with success in both areas.

Breakfast items include English-muffin, croissant and biscuit sandwiches, as well as combination meals of scrambled eggs, sausage, potatoes and pancakes. Quarter-Round hamburgers, Quick Chick and Seashore sandwiches make up Swift's lunch fare; hot and cold deli sandwiches also are available. The company is testing other quick-service items now; plans for 1987 call for increased emphasis on nutritious fast food.

Foods are packaged in heat-retaining Styrofoam containers that continue the Swift color scheme. Keeping quality a top priority, dāka requires that no foods be held longer than 10 minutes before serving.

THE WOOD CO.

The Wood name always has meant quality, but now a line of signature items backs up that claim.

"We're trying to be much more market oriented," says Wood Co. President Robert Wood. "We've moved to a restaurant-style approach. We don't feel the so-called 'institutional image' is something we want to project."

With Today's Taste for Today's Life Style, Wood brings together several popular commercial concepts through the use of menu-component "modules." Names such as Grills and Frills (short-order foods), Cut Above (deli-style meats) and Tag Alongs (side dishes) identify the foods and encourage customer loyalty.

"We've realized that now we're the captives—our market certainly isn't," says Wood. "Because we must serve the same market segments every day, we need to develop new concepts that will keep our look fresh.

"Our rationale behind Today's Taste is to get some of our regular customers to buy up (upgrade their purchases) while also attracting new customers that may previously have gone out."

—Pam Erickson

400: LODGING

Hotel chefs have, for generations, taken pride in their ability to create wondrous ice carvings.

Hotel Restaurants Aim for Great but Casual Dining

American regional cooking is cropping up just about everywhere—and so are bistros.

"The traditional hotel dining room is doomed. It has the image of being stuffy, overpriced and only for special occasions," says Karl Kilburg, vice president of food and beverage for Marriott Hotels and Resorts. He and many other hotel executives see their competition for dining dollars as restaurants, not other hotels.

Some hotel chains are conceding the battle for customers before it begins—notably, the growing suites-only and limited-services hotels, which offer minimal foodservice. But many others are fighting hard not only to keep their own guests, but to draw local residents in for a meal.

Their actions come at the right time, for occupancy rates seem to be heading back up. A 0.7% increase during 1986 is expected to rise to 3% and to hold steady for the next five years, according to the American Hotel & Motel Association.

Some companies work out an arrangement with a restaurant company to run part or all of their foodservice operations. Chains intent on maintaining control invoke the Stars and Stripes, more often than not—it's hard to find a major hotel chain these days that *isn't* offering its own brand of American regional cuisine. Those who do want a French flavor are converting formal dining rooms to bistros.

Other hot items this year are elaborate food stands to roll around a hotel lobby, deli and food markets, culinary competitions for chefs and cooking lessons for guests.

HOLIDAY CORP.
In a test that could have national reverberations, Red Lobster is in business at two Holiday Inns. "It's a good match. Our customer demographics are very similar—the upper end of the mid-priced market," says John Onoda, public relations director.

Hampton Inns, Holiday's entry in the mushrooming limited-service segment, solves the food problem by serving hardly any. In response to guest requests, the hotels are supplementing the normal Continental breakfast with low-sugar items such as bagels and fruit.

A lobby food stand, selling salads and sandwiches, is adding dollars to lunch business for The Washington Holiday Inn. Low start-up costs add to the appeal of Vie de France stations, which are also under consideration. Holiday may even incorporate items from the mobile units into the room service menu.

MARRIOTT HOTELS AND RESORTS
In tune with the taste for casual dining, Marriott recently introduced its American Favorites menu, available until Nov. 30 in more than 100 Marriott hotels. The menu was inspired by research showing that the best-selling items of 1986 were steaks, fish entrees, chicken breast entrees, Oriental and stir-fry items, ethnic foods and regional cooking.

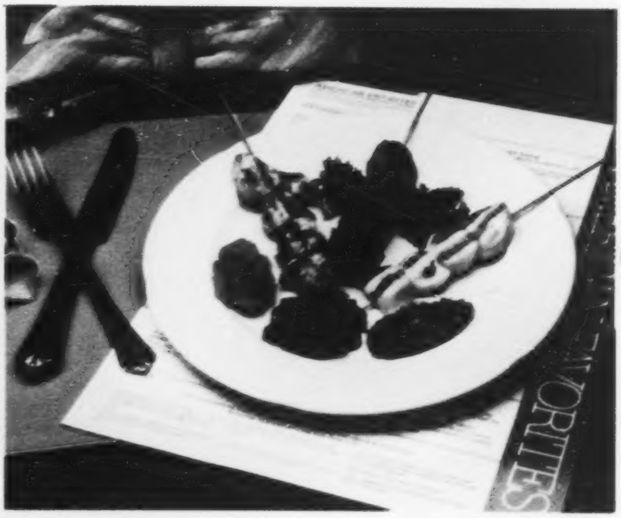
Priced between $5.95 and $12.95, the 12 American favorite items include Mexican Pizza, California Frittata, Beef Steak Chili, and onion rings with tangy cranberry and peppercream sauces.

In several Marriott hotels, a hybrid dining concept combining classical French with Oriental cuisine has received good customer reviews. Interestingly, a majority of customers order Oriental, perhaps because the prices are somewhat lower.

HYATT INTL. CORP.
Food and Beverage Director Heinz Kern thinks the secret to serving what he calls "true American cuisine" is in treating each of Hyatt's approximately 232 food and beverage outlets as an independent operation. He says the company is moving away from a previous practice of contracts with franchised restaurants such as TJ Peppercorns and Duck & Co. Instead, each operation's menus should fit local market needs.

In search of that valuable but elusive commodity, the local customer, Hyatt constantly seeks ways to give extra oomph to special events, a category that has expanded over the years to include more than 50 kinds of theme parties. Creative use of hotel facilities, such as a poolside setting for Sunday brunch, can also attract extra customers.

THE CONTINENTAL COS.
Hotels need at least two kinds of restaurants for a mixed-use facility, believes Ron Sanpiero, food and beverage direc-



Marriott's new American Favorites menu couples interesting food with moderate prices to attract local customers.

TOP LODGING COMPANIES

1 **HOLIDAY CORP. (11)**
Sales: $1,638.3MM*
Units: 2,482*

2 **HILTON HOTELS CORP. (20)**
Sales: $930.6MM*
Units: 1,155*

3 **RADISSON**
Carlson Hospitality Corp. (26)
Sales: $749.7MM
Units: 889

4 **RAMADA INNS INC. (27)**
Sales: $737.9MM*
Units: 701

5 **HYATT HOTELS CORP. (31)**
Sales: $681.8MM*
Units: 386*

6 **QUALITY INNS INTL. (45)**
Sales: $441.9MM*
Units: 816*

7 **INTER-CONTINENTAL HOTELS CORP. (51)**
Sales: $381MM*
Units: 399*

8 **NESTLE ENT. (78)**
Sales: $232MM*
Units: 239

9 **BROCK HOTEL CORP. (79)**
Sales: $228.6MM
Units: 316

Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year; unit figures represent the number of units open as of 1/1/87. **R&I* estimate **company est. †commercial equivalent

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400: LODGING

TOP LODGING COMPANIES

10	**TRUSTHOUSE FORTE (104)**	**Sales: $170MM**	**Units: 440**
11	**OMNI HOTELS CORP. (111)**	**Sales: $150.4MM**	**Units: 92**
12	**PRIME MOTOR INNS (117)**	**Sales: $145MM***	**Units: 271***
13	**HYATT INTL. CORP. (126)**	**Sales: $127MM**	**Units: 180****
14	**CAESARS WORLD INC. (136)**	**Sales: $119MM**	**Units: 34**
15	**RODEWAY INNS INTL. (156)**	**Sales: $99MM***	**Units: 152**
16	**AIRCOA (162)**	**Sales: $95.2MM***	**Units: 102***
17	**THE CONTINENTAL COMPANIES (163)**	**Sales: $94.5MM**	**Units: 43***
18	**THE REGISTRY HOTEL CORP. (169)**	**Sales: $92.6MM**	**Units: 61**
19	**W.B. JOHNSON PROPERTIES INC. (170)**	**Sales: $91.8MM***	**Units: 129**
20	**LOEWS HOTELS (178)**	**Sales: $85.6MM**	**Units: 74**

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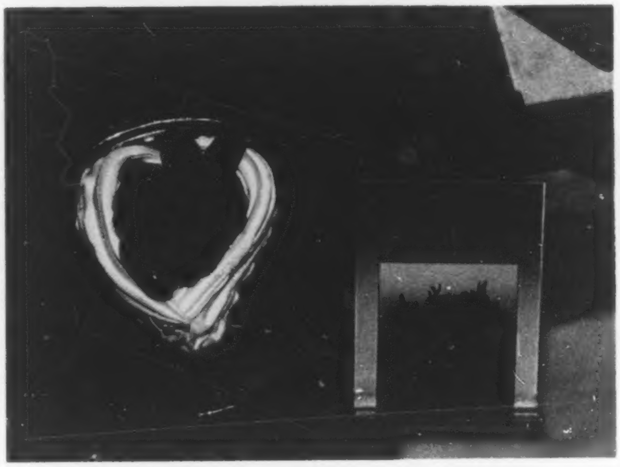
Food carts, deli and food markets, and theme parties are designed to pull in local traffic.



Seasonal and regional are the continuing themes in Hilton's American Harvest restaurants.

tor. That's just what The Continental Cos., which manages more Sheratons than any other company, is doing.

The Sheraton at DCOTA (Design Centers of the Americas) in Fort Lauderdale, Fla., is a case in point. The full-service restaurant, which offers an eclectic menu of American regional food, is frequented by designers and their clients who are visiting the international design center in the hotel.

For hotel employees and guests who just want a quick bite, on the other hand, the hotel has a free-standing gourmet deli right next door. It comes equipped with wine, cheese, patés and all kinds of other products suitable either for a sit-down meal or for carry-out.

HILTON INTL. HOTELS

The American Harvest concept, which helped pioneer a revived interest in American foods several years ago, is still going strong. Fresh is the rule—only ice cream and shrimp are frozen—and the menu changes 12 times a year to reflect what's in season.

Regional American specialties, à la Hilton, are rarely literal-minded reproductions. All the flavors of Shaker food are preserved, for instance, but the presentation is far more elegant than the original.

Promotions used to proceed in lock-step fashion, with every Hilton restaurant, for example, touting a strawberry festival in April. "But regional food preferences negate that approach, so now we encourage each operation to develop their own menus, using indigenous ingredients," says Food and Beverage Director Peter Kleiser. Rewards for the extra creativity come in the form of gifts, free travel and recognition in company publications.

REGISTRY HOTEL CORP.

The reign of French *haute cuisine* has ended in the dining rooms of Registry Hotels, which have instead embraced new American cuisine. "Menus are printed entirely in English, and our emphasis is on presentation, fresh ingredients and *a la minute* cooking," says Franz Eichenauer, food and beverage director.

The menu changes a minimum of every three months to reflect whatever's hot. One of the year's success stories is the All-American Hamburger—8 ounces of lean beef with hand-cut French fries.

For the most part, however, chefs of individual hotels have the freedom to choose the dishes they serve. To prevent variations in quality among hotel restaurants, the chefs must submit their menus for headquarters approval; all recipes are tried out in the test kitchen

400: LODGING

TOP LODGING COMPANIES

21 **DAYS INNS OF AMERICA INC. (181)**
Sales: $83.2MM*
Units: 359*

22 **PRINCESS HOTELS INTL. (201)**
Sales: $72.8MM*
Units: 34

23 **RESORTS INTL. (202)**
Sales: $72MM*
Units: 24*

24 **SUMMA CORP. (218)**
Sales: $66.9MM*
Units: 48*

25 **DEL E. WEBB HOTELS (242)**
Sales: $58MM*
Units: 22

26 **HELMSLEY HOTELS (245)**
Sales: $56.5MM*
Units: 66

27 **FAIRMONT HOTEL CORP. (274)**
Sales: $50MM*
Units: 29*

28 **TRIPLE T HOTEL MGMT. CORP. (281)**
Sales: $47.6MM*
Units: 34*

29 **AMFAC RESORTS INC. (285)**
Sales: $45.7MM*
Units: 30*

30 **ADAM'S MARK HOTELS (299)**
Sales: $43.7MM
Units: 28**

Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year, unit figures represent the number of units open as of 1/1/87. **R&I* estimate **company est. †commercial equivalent ©1987 *Restaurants & Institutions*, a Cahners publication.

Individual hotels are gaining more freedom to create menus catering to regional tastes.

at headquarters. In addition, executive staff travel constantly, eating and evaluating the food in various restaurants.

OMNI HOTELS CORP.

In Washington, Baltimore and other cities, what were formerly four distinct food and beverage outlets were combined into one unified, multi-purpose space that includes a bistro, cafe, private dining room and salon.

"It works better not only for operations, but for marketing—you don't have to divide up your advertising dollars," says Food and Beverage Director Walter Staib.

As for specific menu items, the Savoury Tart, a cross between pizza and quiche, has been highly popular; it's served either as an appetizer or entree.

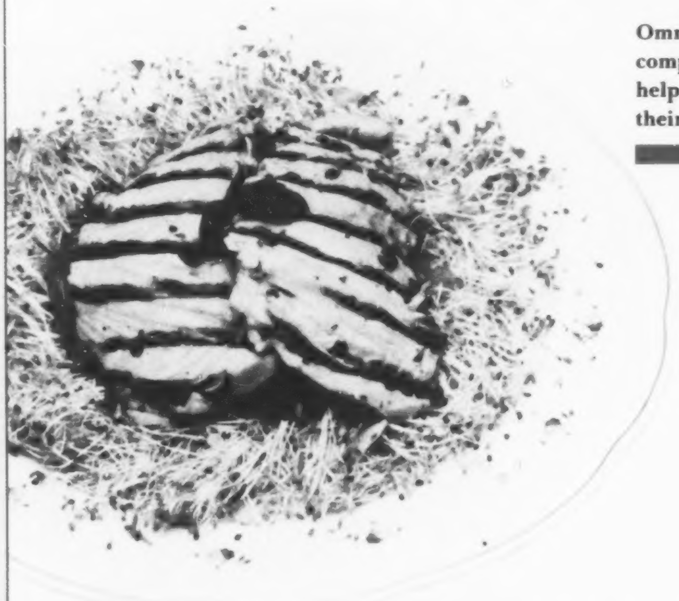
Omni also held its first companywide "Culinary Celebration"—a weekend of competitions, seminars and tastings for chefs. The event showed off the high caliber of Omni's chefs, who made a good showing when judged according to the same scoring system used for the U.S. Culinary Olympics team. But the competition's main purpose, according to Staib, was to "bring all our creative forces under one roof to find new concepts and recipes."

PRINCESS HOTELS INTL.

Guest evaluations are Princess Hotels' method of choice for deciding how to modify restaurant concepts and menus. The company learned that in the Princess Acapulco, for example, there was a market for Italian food as well as for standard Mexican offerings. Also new in Acapulco is a restaurant called Bel Jardin, an indoor-outdoor, 24-hour restaurant that serves sandwiches, pizza and a couple of Mexican specialties such as quesadillas.

A new gourmet cooking school at the Acapulco operation teaches hotel guests how to recreate regional Mexican cuisine once they return home. Booked as part of a vacation package, the cooking classes take place four times a year, taught by hotel chefs.

The South Hampton Princess in the Bermudas has revised its American plan, which formerly required guests to eat in the hotel dining room. Under the new Royal Dine-a-Round program, they can choose among 11 restaurants in the complex. —*T. L.*



Omni's culinary competition helps chefs hone their skills.

400: LIQUID ASSETS

Wines by the Glass, Beers from Boutiques Spark Sales

Specialty drinks and super-premium brands account for most of the alcohol sales in restaurants.

Distilled-spirits specialty products have bolstered the mixed drink market.

Peach schnapps, boutique beers and champagne were the hot trends in beverage alcohol last year, partially offsetting a continued decline in traditional distilled spirits sales. In a roller-coaster year for "400" companies that serve liquor, the keys to maintaining dollar volume were upgrading of products sold and creative marketing that tied alcohol sales to food. Among representative hotel and restaurant chains surveyed, wine and beer sales were up.

Total beverage-alcohol consumption was down, in line with industrywide trends reflecting changing consumer life styles (as baby boomer singles marry and raise families) and the moderation movement. For hotels, alcohol sales in catering operations were notably off. Across the board, 1986 was a year of "struggle to hold onto those numbers," in the words of Radisson Hotels' Food and Beverage Vice President Charles D. Clawson Jr.

The distilled-spirits plunge certainly is nothing new. The total category has dropped an average of 1.2% a year since 1980, accelerating to a drop of 5.1% last year. Even white goods declined last year, although brown goods continued to pace the losses, with American and Canadian whiskeys hurting most. Imported whiskey sales have leveled off, due in part to the popularity of single malt scotches.

Specialty drinks have bolstered sales of distilled spirits somewhat, but not enough to halt the downward trend. Several food and beverage directors note a small trend of renewed interest in after dinner drinks.

Another distilled spirits specialty drink that has had impact is peach schnapps, cited particularly by Radisson's Clawson as a major drink that also has cooking applications in dessert sauces, soufflés and as an ice cream flavor.

The bottom line, however, is that fewer customers are ordering distilled spirits, and those that are purchase fewer rounds. "We see a movement towards beer and wine, away from hard liquor," says Rick Giboney, marketing vice president for Restaurants Unlimited. Upgrading, then, becomes the name of the game in maintaining profitability. Says Clawson, "The only spirits that are viable to sell in our marketplace are premium and superpremium spirits." At Loews Hotels, the "policy always has been to use name brands as

New trend: A cognac revival

bar pours," according to Louis Manno, food and beverage vice president.

Among wines, the growing strength of by-the-glass sales was cited by all operators, with champagnes and sparkling wines by the glass as the new wrinkle to watch. "We see no evidence of this trend becoming any less important," says Giboney, though he adds that his chain of moderately priced restaurants is "doing less of the $4.50 to $5.50 a glass wines" and more in the "high twos."

In part, this reflects a greater consciousness of wine value among consumers, a trend noted by the hotel chains surveyed as well. All three have abandoned the once traditional triple mark-up for bottle wines in favor of more flexible pricing formulas. Walter Staib, food and beverage director for Omni Hotels, says, "We try to make wine lists that are consumer friendly. We'll price competitively," by offering particularly low wine prices in new markets.

Radisson's Clawson declares that consumers today are familiar with wine-shop prices, and base their sense of wine value on that. Wine lists must be priced in a range commensurate with the entree prices, he reminds operators. At Loews Hotels, a pricing formula based on 40% cost now is standard.

White wine sales, by the glass and bottle, continue to lead reds. More and more consumers are requesting specific varietals such as Chardonnay, Sauvignon Blanc, Merlot and Petite Sirah. Most operators also report that American wines continued to perform well in 1986. European wines never fully recaptured the market share they lost during the price spiral of the late 1970s and early 1980s.

In one noteworthy, smart and aggressive piece of marketing, Radisson has combined value consciousness with the strength of white wines and the newfound popularity of sparkling wines. Beginning last month, Radisson's 30 managed properties all began offering a high-quality Sonoma champagne for less than $15 a bottle.

Pizzerio Uno caters to a young market with popular deep-dish pizza and beer.

LEADING COMPANIES IN ALCOHOL SALES

1 **TGI FRIDAY'S**
Carlson Cos. (26)
Sales: $118.8MM
Units: 125

2 **RADISSON HOTELS**
Carlson Cos. (26)
Sales: $59.1MM
Units: 491

3 **McFADDIN VENTURES (219)**
Sales: $47.8MM
Units: 46

4 **OMNI HOTELS (111)**
Sales: $37.5MM
Units: 92

5 **LOEWS HOTELS (178)**
Sales: $23.2MM
Units: 74

6 **BENIHANA OF TOKYO (193)**
Sales: $15MM
Units: 46

7 **ADAM'S MARK HOTELS (299)**
Sales: $14.2MM
Units: 28**

8 **T.J. APPLEBEE'S**
W.R. Grace Restaurant Group (15)
Sales: $13.9MM
Units: 36

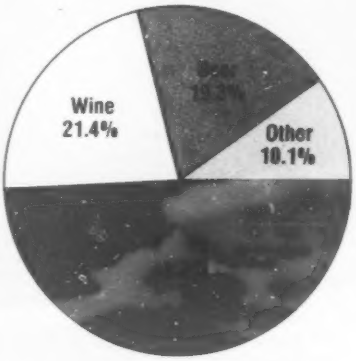
9 **UNO RESTAURANTS INC.**
International Foodservice Co. (251)
Sales: $13.8MM
Units: 35

Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year; unit figures represent the number of units open as of 1/1/87. **R&I* estimate; **company est.; †commercial equivalent ©1987 *Restaurants & Institutions*, a Cahners publication.

400: LIQUID ASSETS

Bibulous banquets fall off at hotels, as theme affairs replace open bars.

CURRENT PRODUCT BREAKDOWN
As these statistics show, American drinking preferences are shifting toward beer and wine.



Source U.S. Dept. of Agriculture Economic Research Service and Bureau of Labor Statistics Consumer Expenditure Survey

Today's alcohol drinkers buy fewer drinks, but request premium brands.

As for beer, one word says it all: boutique. The fresh and tasty products of local micro-breweries are the hottest thing in a cool brew. Every operator surveyed carries them wherever they are available. Says Giboney, "We have them in all our restaurants. The micro-brewed ales are a lot of fun." They may not be super profitable, however. While calling the boutique beers "very significant," Clawson also observes that "They cost more, but you can't sell them for that much more."

Among hotel chains, the drop in beverage-alcohol sales really has hurt catering, where the open bar as an automatic assumption at a party or banquet is now a thing of the past. Clawson sees the drop as a phenomenon not only of the moderation trend, but also of the new tax laws, which restrict corporate write-offs for business entertainment.

Staib sees a positive opportunity to re-educate catering sales people. "It used to be, 'Well, how about an open bar, one hour. So long,'" he quips. "Now you've got to suggest a wine tasting, a wine and cheese party, maybe a speaker." Clawson concurs, and reports that Radisson's catering operations will be striving "to develop a series of themed events to make a party or meeting absolutely spectacular." Radisson will roll out an à la carte banquet beverage service in the next two months, which is expected to add 2% to 3% to catering beverage volume.

With respect to beverage-alcohol marketing, four out of five operators surveyed no longer promote brown or white goods within their bars or bar areas. Wine and beer promotions within dining rooms are always food related, and usually involve seasonal, regional or ethnic themes.

Four out of five surveyed operators carry non-alcoholic beers and wines on their beverage menus, though they are slow movers.

Those surveyed for this article all gross at least 25% of total food and beverage sales from beverage alcohol, although none are alcohol-driven operations.

RADISSON HOTELS

Radisson's Clawson noted strong regional ups and downs in Radisson's domestic operations, with alcohol sales still strong in Texas and the Southeast (minus South Carolina, with its peculiar licensing laws), but off 2% to 3% in the Midwest. Arizona and California, he observes , are softening even more with beer and wine down, too, not just distilled spirits.

Radisson has several significant new marketing ideas to combat any slippage in beverage-alcohol sales in catering operations, and to take advantage of

400: LIQUID ASSETS

Champagne and sparkling wines offer real opportunities by the bottle or glass.

popular movement in restaurant operations, where Clawson finds "wine by the glass, coolers, and blush wines stronger than ever before."

Successful wine promotions have included a Best of the Blush program, participation with a West Coast winery in a program to raise funds for the Statue of Liberty restoration (more than $250,000 was donated), and a November through March (1986-1987) "Celebrate the Harvest" promotion in conjunction with a leading California winery.

OMNI HOTELS

All Omni properties offer at least eight wines by the glass, including champagne, for $2.25 to $4.95 a toss. By-the-bottle champagne sales also are up, especially in the bistro and *brasserie* concept Omni has successfully introduced in five properties. These large, multi-area restaurants will offer up to 100 wines including domestics and "inexpensive Europeans."

Food and Beverage Director Staib also reports that "Beer is big. In the bistros, it's a natural." Up to 10 domestics and imports are offered, usually with six on tap. Boutique beers are offered where available. Wine coolers are holding strong, too.

Food and wine promotions have included monthly celebrations of Tuscany, Burgundy, the South of France (Provence) and California vintners. Also, last May, a Grand Marnier promotion, a rare excursion into distilled spirits, but one which reflects Staib's perception of renewed interest in after-dinner drinks. One very successful wine promotion of note: Chateau Lafite by the glass, at $20 per glass.

LOEWS HOTELS

"Beer sales are holding, wine sales are on the increase, bottle wine sales are up," says Louis Manno, who estimates that beverage-alcohol sales were up "about 7%" for 1986 among the 74 food and beverage units in 11 Loews properties.

Wine sales were spurred by the successful introduction of Italian theme restaurants in two Loews properties, with a third (featuring seafood) being planned for a new West Coast property still under negotiation. Loews' New Jersey property also successfully introduced fine wines by the glass, using a dispensing machine. Six wines were offered in 7-oz. pours for $5 a glass.

In the beer category, Manno noted "a big increase in the light beers," and also that German beers do well in properties "'wher[illegible] we get good international guests," suc[illegible]s in New York.

PIZZERIA UNO

With a menu of Chicago-style deep-dish pizza, plus appetizers, salads and sandwiches, beer is a natural. It also fits in with the 18- to 35-year-old principal customer demographics of the stores. Beer represents 40% of gross beverage sales, but a much higher percentage in terms of item count.

The typical unit offers "a very attractive and diverse selection of draft beers," according to Richard Turer, marketing manager for Uno Restaurants Inc. The usual number will be five or six, with a successful mix that includes two domestics (a premium and a light beer), and Canadian, English and German imports. Drafts are priced $1.25 to $2.50 for 12 ounces. A dozen bottled beers are offered, too, including the local boutique beer at $1.50 to $3.50. One company-owned store, in Cincinnati, carries more than 40 beers, which is the exception, not the rule.

Total beverage-alcohol sales for Pizzeria Uno were up slightly in 1986, and are expected to stay even for the operation, which is not dependent on promotions or trends (including wines and wine coolers, which Turer says are "a very small segment for us"). In addition to the strength of the boutique beers, Turer reports that "American beers are doing very well again" in general.

—Jonathan Abarbanel

Boutique brews are boffo! Operators report that the by-the-bottle beer business is booming.

400: RANKINGS

(1) McDonald's
Sales: $12,400MM Units: 9,410
(2) PepsiCo Foodservice Div.
Sales: $7,335.6MM Units: 14,811
(3) The Pillsbury Co. Restaurant Group
Sales: $5,500MM Units: 5,831
(4) Marriott Corp.
Sales: $5,051.4MM* Units: 4,723*
(5) U.S. Dept. of Agriculture, Food & Nutrition Service
Sales: $3,215.5MM† Units: 89,051
(6) Wendy's Intl. Inc.
Sales: $2,747.2MM Units: 3,727
(7) ARA Services Inc.
Sales: $2,632.3MM†* Units: 3,456*
(8) TW Services
Sales: $2,449.2MM* Units: 3,862*
(9) Imasco USA
Sales: $2,268.8MM* Units: 2,822
(10) International Dairy Queen Inc.
Sales: $1,723MM Units: 5,513
(11) Holiday Corp.
Sales: $1,638.3MM* Units: 2,482*
(12) Domino's Pizza Inc.
Sales: $1,500MM Units: 3,606
(13) Denny's Inc.
Sales: $1,335.8MM Units: 2,016
(14) The Sheraton Corp.
Sales: $1,251.8MM* Units: 1,457
(15) W.R. Grace Restaurant Group
Sales: $1,243.1MM* Units: 918*
(16) Shoney's Inc.
Sales: $1,198MM Units: 1,360
(17) Collins Foods Intl. Inc.
Sales: $1,057.4MM Units: 976
(18) General Mills Restaurant Group
Sales: $1,050MM Units: 599
(19) Service America Corp.
Sales: $1,001.9MM Units: 11,546
(20) Hilton Hotels Corp.
Sales: $930.6MM* Units: 1,155*
(21) Arby's Inc.
Sales: $892.8MM Units: 1,760
(22) The Southland Corp.
Sales: $875.9MM* Units: 7,835
(23) U.S. Navy Food Service Systems
Sales: $809.6MM† Units: 684
(24) Ponderosa Inc.
Sales: $770MM Units: 704
(25) Jerrico Inc.
Sales: $763.9MM Units: 1,467
(26) Carlson Cos.
Sales: $749.7MM Units: 0
(27) Ramada Inns Inc.
Sales: $737.9MM* Units: 701*
(28) Allegis
Sales: $732.1MM† Units: 343**
(29) U.S. Army Clubs and Recreation
Sales: $715.1MM† Units: 631[B]
(30) U.S. Army Troop Support Agency
Sales: $700.8MM† Units: 1,105
(31) Hyatt Hotels Corp.
Sales: $681.8MM* Units: 386*
(32) Morrison Inc.
Sales: $652.2MM Units: 608
(33) Dunkin' Donuts Inc.
Sales: $648MM Units: 1,539
(34) K mart Corp.
Sales: $646.2MM* Units: 1,968*
(35) Foodmaker Inc.
Sales: $639.5MM* Units: 849
(36) Church's Fried Chicken Inc.
Sales: $577.7MM Units: 1,532
(37) Baskin-Robbins Ice Cream Co.
Sales: $572.1MM* Units: 3,311
(38) Friendly Ice Cream Corp.
Sales: $536.5MM Units: 829
(39) Little Caesar Ent. Inc.
Sales: $520MM Units: 1,308
(40) VICORP Restaurants Inc.
Sales: $502.8MM Units: 445
(41) Army & Air Force Exchange Service
Sales: $496.9MM† Units: 2,732
(42) USACafes
Sales: $480MM Units: 571
(43) Carson Pirie Scott & Co.
Sales: $465.7MM* Units: 433*
(44) Western Sizzlin' Steak House
Sales: $454MM Units: 642**
(45) Quality Inns Intl.
Sales: $441.9MM* Units: 816*
(46) Elias Brothers Restaurants Inc.
Sales: $416MM Units: 254
(47) A. Copeland Ent. Inc.
Sales: $415MM Units: 656
(48) U.S. Air Force Open Mess System
Sales: $409.8MM† Units: 502
(49) Sky Chefs Inc.
Sales: $398MM Units: 326*
(50) Investors Mgmt. Corp.
Sales: $381MM Units: 519
(51) Inter-Continental Hotels Corp.
Sales: $381MM* Units: 399*
(52) Ogden Allied Services Corp.
Sales: $370MM Units: 1,725
(53) Greyhound Food Mgmt. Inc.
Sales: $350MM Units: 439
(54) Carl Karcher Ent. Inc.
Sales: $344.9MM** Units: 433
(55) U.S. Air Force
Sales: $329.6MM† Units: 672
(56) Rax Restaurants Inc.
Sales: $328.9MM Units: 512
(57) Chi-Chi's Inc.
Sales: $315MM** Units: 199
(58) Boddie-Noell Ent. Inc.
Sales: $298MM Units: 338
(59) Po Folks Inc.
Sales: $295.9MM Units: 313
(60) Carvel Corp.
Sales: $291.5MM* Units: 870*
(61) Sonic Ind. Inc.
Sales: $291MM Units: 958
(62) The Riese Organization
Sales: $290MM Units: 260
(63) Eastern Airlines
Sales: $286.8MM† Units: 101
(64) National Medical Ent. Inc.
Sales: $280.5MM† Units: 563
(65) Beverly Ent.
Sales: $280MM†** Units: 1,100
(66) Trans World Airlines Inc.
Sales: $275MM† Units: 3
(67) Walt Disney Co.
Sales: $274.9MM Units: 182
(68) Hospital Corp. of America
Sales: $273.5MM†** Units: 389
(69) Pizza Inn Inc.
Sales: $269.7MM Units: 799
(70) White Castle System Inc.
Sales: $268.5MM Units: 222
(71) Veterans Administration
Sales: $264.8MM†[B] Units: 160
(72) IHOP Corp.
Sales: $264.1MM Units: 450
(73) The Horn & Hardart Co.
Sales: $256.5**MM Units: 325
(74) Delaware North Cos. Inc.
Sales: $250MM Units: 292
(75) Round Table Franchise Corp.
Sales: $250MM Units: 500
(76) National Purchasing Corp.
Sales: $249.5MM† Units: 236
(77) Szabo Foodservice Co.
Sales: $246.7MM†* Units: 371*
(78) Nestle Ent. Inc.
Sales: $232MM* Units: 239
(79) Brock Hotel Corp.
Sales: $228.6MM Units: 316
(80) Food Concepts Inc.
Sales: $225MM† Units: 633
(81) Whataburger Inc.
Sales: $225MM Units: 365
(82) The Ground Round Inc.
Sales: $225MM** Units: 194
(83) Piccadilly Cafeterias Inc.
Sales: $225MM** Units: 111

Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year; unit figures represent the number of units open as of 1/1/87. **R&I* estimate, **company est.; †commercial equivalent; (A) former data included non-foodservice sales; (B) adjusted method in reporting figures; (C) franchisees' sales est.; (R) revised. ©1987 *Restaurants & Institutions*

(84) New York City Board of Ed.
Sales: $222.7MM† Units: 1,200

(85) U.S. Navy Officer's and Enlisted Mess System
Sales: $222.4MM† Units: 256

(86) The Seiler Corp.
Sales: $220.2MM* Units: 540*

(87) Bob Evans Farms Inc.
Sales: $220MM Units: 175

(88) Waffle House Inc.
Sales: $219.5MM* Units: 590

(89) Bally Manufacturing Corp.
Sales: $217.4MM* Units: 101*

(90) Luby's Cafeterias Inc.
Sales: $215.1MM Units: 94

(91) U.S. Marine Corps
Sales: $206.6MM† Units: 103

(92) Custom Mgmt. Corp.
Sales: $202.6MM Units: 417

(93) Shoney's South Inc.
Sales: $200MM Units: 241

(94) Restaurant Associates Ind. Inc.
Sales: $197.5MM* Units: 97*

(95) Shakey's Inc.
Sales: $196.9MM Units: 395

(96) Wyatt Cafeterias Inc.
Sales: $195MM Units: 120

(97) Frisch's Restaurants Inc.
Sales: $187.6MM Units: 206

(98) Chick-fil-A Inc.
Sales: $181.4MM Units: 345

(99) Specialty Restaurants Corp.
Sales: $181.1MM* Units: 68*

(100) Chili's Inc.
Sales: $176MM Units: 102

(101) F.W. Woolworth Co.
Sales: $175MM* Units: 1,070**

(102) The Krystal Co.
Sales: $174MM Units: 237

(103) Western Steer-Mom'n'Pop's
Sales: $171MM Units: 185

(104) Trusthouse Forte Hotels Inc.
Sales: $170MM Units: 440

(105) Harry M. Stevens Inc.
Sales: $168MM Units: 35

(106) Los Angeles School District
Sales: $165.5MM† Units: 572

(107) DeNovo Corp.
Sales: $161MM* Units: 592

(108) Mister Donut of America
Sales: $160.8MM Units: 622

(109) California Dept. of Corrections
Sales: $155.9MM† Units: 76

(110) Winners Corp.
Sales: $152.4MM Units: 229

(111) Omni Hotels Corp.
Sales: $150.4MM Units: 92

(112) A&W Restaurants Inc.
Sales: $150MM Units: 550

(113) Brown Derby Inc.
Sales: $148MM Units: 55

(114) Orange Julius Intl.
Sales: $147MM Units: 770

(115) Wom Ent. Inc.
Sales: $147MM† Units: 44

(116) Baltimore Bureau of Purchases
Sales: $145.6MM† Units: 130

(117) Prime Motor Inns
Sales: $145MM* Units: 271*

(118) The Circle K Corp.
Sales: $144.9MM* Units: 3,500

(119) City of New York, Dept. of Procurement
Sales: $143.1MM† Units: 40

(120) Club Corp. of America
Sales: $140MM Units: 206

(121) Doctors Associates Inc.
Sales: $140MM Units: 987

(122) Harman Mgmt. Co.
Sales: $140MM** Units: 223

(123) Hospital Purchasing Services
Sales: $135.8MM† Units: 516

(124) Mr. Gatti's Inc.
Sales: $131.2MM Units: 335

(125) dāka
Sales: $128.9MM†* Units: 311

(126) Hyatt Intl. Corp.
Sales: $127MM Units: 180**

(127) Food Dimensions Inc.
Sales: $126MM† Units: 95

(128) State of Oklahoma Central Purchasing
Sales: $126MM† Units: 48

(129) Unicare Health Facilities Inc.
Sales: $126MM† Units: 600

(130) Navy Resale and Services Support Office
Sales: $125.5MM† Units: 538

(131) Red Lion Inns
Sales: $125MM Units: 73

(132) Galardi Group
Sales: $123.5MM Units: 331

(133) Walgreens Food Div.
Sales: $121.1MM Units: 151

(134) Carrols Corp.
Sales: $120.1MM Units: 138

(135) Ken's Restaurant Systems
Sales: $120MM Units: 279

(136) Caesar's World Inc.
Sales: $119MM Units: 34

(137) Braum Ice Cream & Dairy Stores Co.
Sales: $118.8MM* Units: 180*

(138) Fuddruckers Inc.
Sales: $118.4MM Units: 105

(139) Kettle Restaurants Inc.
Sales: $114.8MM Units: 195

(140) El Chico Corp.
Sales: $112.6MM Units: 102

(141) New Jersey Dept. of Human Services, Food Ind.
Sales: $112.6MM† Units: 18

(142) Northwest Orient Airlines Inc.
Sales: $112MM† Units: 3

(143) Mr. Steak Inc.
Sales: $111.1MM Units: 175

(144) Brown's Chicken
Sales: $108.1MM* Units: 158

(145) J.B.'s Restaurants Inc.
Sales: $107.2MM Units: 121

(146) The Wood Co.
Sales: $106.8MM Units: 140

(147) Ryan's Family Steak Houses
Sales: $105MM Units: 70

(148) Del Taco Inc.
Sales: $105MM** Units: 186

(149) Papa Gino's of America Inc.
Sales: $104.1MM Units: 180

(150) Veterans Canteen Service
Sales: $104MM† Units: 175

(151) Guest Services Inc.
Sales: $100MM Units: 122

(152) Taco John's Intl.
Sales: $100MM Units: 403

(153) Roma Corp.
Sales: $100MM** Units: 75

(154) Illinois Dept. of Central Mgmt. Services
Sales: $99.8MM† Units: 86

(155) Adventist Health System
Sales: $99MM† Units: 118

(156) Rodeway Inns Intl. Inc.
Sales: $99MM* Units: 152

(157) Pioneer Take Out Corp.
Sales: $98MM Units: 290

(158) Chicago Public Schools
Sales: $97.1MM† Units: 591

(159) Commonwealth of Virginia
Sales: $97MM† Units: 83

(160) Druther's Intl. Inc.
Sales: $96.9MM Units: 155

(161) National Pizza Co.
Sales: $96MM** Units: 245

(162) AIRCOA
Sales: $95.2MM* Units: 102*

(163) The Continental Cos.
Sales: $94.5MM Units: 43*

(164) Skipper's Inc.
Sales: $94MM Units: 206

(165) Astor Restaurant Group Inc.
Sales: $94MM** Units: 265

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(166) THF-Eastern
Sales: $93.8MM† Units: 280

(167) RPM Pizza Inc.
Sales: $93.5MM Units: 197

(168) International King's Table Inc.
Sales: $93MM Units: 81

(169) The Registry Hotel Corp.
Sales: $92.6MM Units: 61

(170) W.B. Johnson Properties Inc.
Sales: $91.8MM* Units: 129

(171) Metropolitan Chicago Healthcare Council
Sales: $91MM† Units: 102

(172) Calif. Dept. of Rehab., Business Ent. Program
Sales: $90.9MM† Units: 275

(173) Consolidated Products Inc.
Sales: $90.7MM Units: 107

(174) Lyon's Restaurants Inc.
Sales: $90.1MM Units: 61

(175) RTM Inc.
Sales: $90MM Units: 143

(176) Fosters Freeze Intl.
Sales: $89MM Units: 210

(177) Trans/Pacific Restaurants Inc.
Sales: $86.2MM Units: 53

(178) Loews Hotels
Sales: $85.6MM Units: 74

(179) Doubletree Inc.
Sales: $85MM Units: 20

(180) Servico Mgmt. Corp.
Sales: $85MM Units: 55

(181) Days Inns of America Inc.
Sales: $83.2MM* Units: 359*

(182) Professional Food-Service Mgmt. Inc.
Sales: $82.8†MM* Units: 105

(183) TrettCo Inc.
Sales: $82.5MM† Units: 110

(184) Associated Hosts Inc.
Sales: $81.5MM Units: 54

(185) Sbarro Licensing Corp.
Sales: $81.3MM*(Units: 190

(186) Red Robin Intl.
Sales: $81MM Units: 47

(187) Swensen's Ice Cream Co.
Sales: $80MM** Units: 350

(188) Unigate Restaurants Inc.
Sales: $79.8MM Units: 118

(189) HRI-Purchase Connection
Sales: $78.4MM† Units: 162

(190) Humana Inc.
Sales: $78.2MM†* Units: 87

(191) K-Bob's Steak Houses Inc.
Sales: $77MM Units: 96

(192) The Mariner Corp.
Sales: $75.4MM Units: 104

(193) Benihana of Tokyo Inc.
Sales: $75MM Units: 46

(194) Elby's Restaurants Inc.
Sales: $75MM Units: 74

(195) MHM Inc.
Sales: $75MM Units: 60

(196) The Marcus Corp.
Sales: $74.7MM Units: 116

(197) Consul Restaurant Corp.
Sales: $74MM** Units: 38

(198) State of Missouri Div. of Purchasing
Sales: $74MM†** Units: 31

(199) Service Master Co., Food Mgmt. Div.
Sales: $73.3MM† Units: 105

(200) U.S. Dept. of Justice, Federal Prison System
Sales: $72.8MM† Units: 47

(201) Princess Hotels Intl.
Sales: $72.8MM* Units: 34

(202) Resorts Intl. Inc.
Sales: $72MM* Units: 24*

(203) TCBY Ent. Inc.
Sales: $71MM Units: 458

(204) The Happy Steak Inc.
Sales: $70.9MM** Units: 102

(205) C.A. Muer Corp.
Sales: $70MM Units: 31

(206) Dayton Hudson Dept. Store Co.
Sales: $70MM Units: 299

(207) Franchise Ent. Inc.
Sales: $70MM Units: 95

(208) New York State Office of Mental Health
Sales: $70MM† Units: 32

(209) Nutrition Mgmt. Services Co.
Sales: $70MM** Units: 161

(210) Convenient Food Marts
Sales: $69.7MM** Units: 1,306

(211) Bill Knapp's Michigan Inc.
Sales: $69.6MM* Units: 62*

(212) Pizza Mgmt. Inc.
Sales: $68.2MM Units: 172

(213) Cracker Barrel Old Country Store Inc.
Sales: $68MM Units: 47

(214) Interstate Hotels Corp.
Sales: $68MM Units: 87

(215) Sonny's Real Pit Bar-B-Q Inc.
Sales: $68MM Units: 79

(216) Calny Inc.
Sales: $67.8MM Units: 158

(217) Taco Time Intl. Inc.
Sales: $67MM Units: 223

(218) Summa Corp.
Sales: $66.9MM* Units: 48*

(219) McFaddin Ventures
Sales: $66.7MM Units: 46

(220) California State University Campuses
Sales: $66.2MM†** Units: 38

(221) North Central Food Systems Inc.
Sales: $65MM Units: 65

(222) American Medical Intl. Inc.
Sales: $64.2MM* Units: 122

(223) The Jan Cos.
Sales: $63.3MM Units: 62

(224) Original Great American Chocolate Chip Cookie Co.
Sales: $63.1MM* Units: 406

(225) May Dept. Stores
Sales: $62.7MM* Units: 375**

(226) Sybra Inc.
Sales: $62MM Units: 104

(227) U.S. Restaurants Inc.
Sales: $62MM** Units: 51

(228) Universal Services Inc. Intl.
Sales: $61MM Units: 211

(229) Buehler-Ruckriegel Inc.
Sales: $60.3MM Units: 112

(230) Famous Restaurants Inc.
Sales: $60MM Units: 38

(231) Magic Pan
Sales: $60MM Units: 64

(232) Pantera's Corp.
Sales: $60MM Units: 120

(233) Rocky Rococo
Sales: $60MM Units: 114

(234) Arthur Treacher's Inc.
Sales: $60MM** Units: 215**

(235) Lettuce Entertain You
Sales: $60MM** Units: 32

(236) State of Rhode Island Purchasing Div.
Sales: $59.9MM†** Units: 294**

(237) Rusty Pelican Restaurants Inc.
Sales: $59.8MM Units: 19

(238) North Carolina Dept. of Administration
Sales: $58.8MM†** Units: 25

(239) Sea Galley Stores Inc.
Sales: $58.7MM Units: 49

(240) Mrs. Fields' Cookies
Sales: $58.7MM* Units: 285

(241) Trefz Corp.
Sales: $58.2MM* Units: 43*

(242) Del E. Webb Hotels
Sales: $58MM* Units: 22

(243) Twenty-First Century Corp.
Sales: $58MM* Units: 35

(244) U.S. Coast Guard
Sales: $56.8MM†** Units: 398

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Note: Numbers in parentheses indicate companies' "400" ranking. Sales figures are for the 1986 calendar or fiscal year; unit figures represent the number of units open as of 1/1/87. *R&I estimate, **company est., †commercial equivalent, (A) former data included non-foodservice sales; (B) adjusted method in reporting figures, (C) franchisees' sales est., (R) revised.

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(245) Helmsley Hotels
Sales: $56.5MM* Units: 66

(246) Eat'N Park Restaurants Inc.
Sales: $56MM Units: 45

(247) Dept. of Public Welfare-Commonwealth of Pa.
Sales: $56MM†** Units: 36

(248) Prufrock Restaurants Inc.
Sales: $56MM** Units: 48

(249) Lifestyle Restaurants Inc.
Sales: $55.9MM Units: 51

(250) Forbco Mgmt. Corp.
Sales: $55MM Units: 31

(251) International Foodservice Co.
Sales: $55MM Units: 35

(252) AMTRAK
Sales: $55MM** Units: 344

(253) Bobby McGee's USA Inc.
Sales: $55MM** Units: 22

(254) Campbell Soup Co., Foodservice Div.
Sales: $54.3MM* Units: 84

(255) New York City Health and Hospitals Corp.
Sales: $53.8MM† Units: 16

(256) Indiana Dept. of Admin.; Procurement Div.
Sales: $53.2MM†** Units: 37

(257) Houston Independent School District
Sales: $53MM†** Units: 226

(258) Dade County Schools
Sales: $52MM† Units: 281

(259) Wendy's Food Systems Inc.
Sales: $52MM Units: 80

(260) Jack's Food Systems Inc.
Sales: $52MM** Units: 97

(261) McCrory Stores
Sales: $52MM** Units: 325

(262) Peter Piper Inc.
Sales: $51.7MM Units: 103

(263) Atlanta Family Restaurants
Sales: $51MM Units: 39

(264) Seafood Broiler Restaurants
Sales: $51MM Units: 24

(265) Victoria Station Inc.
Sales: $51MM* Units: 24

(266) Pizza Hut of Titusville Inc.
Sales: $50.6MM Units: 92

(267) Health Care Services of New England
Sales: $50.4MM† Units: 409

(268) University of Wisconsin System
Sales: $50.4MM† Units: 141

(269) State of Connecticut, Purchasing Dept.
Sales: $50.4MM†** Units: 200**

(270) State of Wisconsin
Sales: $50.4MM†** Units: 39

(271) Carter Hawley Hale Stores Inc.
Sales: $50MM Units: 110

(272) Concept Development Inc.
Sales: $50MM** Units: 123

(273) Theo H. Davies & Co. Ltd.
Sales: $50MM** Units: 40

(274) Fairmont Hotel Co.
Sales: $50MM* Units: 29*

(275) Palm Mgmt. Co.
Sales: $49.5MM** Units: 11

(276) Harcourt Brace Jovanovich Co.
Sales: $48.7MM Units: 58

(277) Triton Investment Co. Inc.
Sales: $48.6MM* Units: 36*

(278) Sanese Services Inc.
Sales: $48.1MM* Units: 610*

(279) New Jersey Dept. of Corrections
Sales: $47.6MM†** Units: 17

(280) Sands & Co. Inc.
Sales: $47.6MM* Units: 525*

(281) Triple T Hotel Mgmt. Corp.
Sales: $47.6MM* Units: 34*

(282) Restaurant Mgmt. Co.
Sales: $47.4MM* Units: 88

(283) Valley Food Service Corp.
Sales: $47.2MM† Units: 97

(284) Ohio Dept. of Rehabilitation & Correction
Sales: $46MM† Units: 20

(285) Amfac Resorts Inc.
Sales: $45.7MM* Units: 30*

(286) K&W Cafeterias Inc.
Sales: $45.3MM Units: 19

(287) U.S. Army Medical Dept.
Sales: $45.1MM† Units: 51

(288) International Onion
Sales: $45MM Units: 14

(289) Lincoln Hotels
Sales: $45MM Units: 34

(290) Maid-Rite Products Inc.
Sales: $45MM Units: 127

(291) Noble Roman's Inc.
Sales: $45MM Units: 110

(292) Schlotzsky's Inc.
Sales: $45MM Units: 200

(293) Carousel Snack Bars Inc. of Minnesota
Sales: $45MM** Units: 315

(294) Pizza King Franchises Inc.
Sales: $45MM* Units: 91

(295) California Dept. of Developmental Services
Sales: $44.8MM† Units: 11

(296) Florida Dept. of General Services
Sales: $44.8MM† Units: 50

(297) Ohio State Dept. of Mental Health
Sales: $44.8MM† Units: 50

(298) Consolidated Coin Caterers
Sales: $44MM** Units: 1,000*

(299) Adam's Mark Hotels
Sales: $43.7MM Units: 28**

(300) Standard Oil
Sales: $43.4MM* Units: 35

(301) Pancho's Mexican Buffet Inc.
Sales: $43.1MM Units: 42

(302) Smith and Sons Foods Inc.
Sales: $43MM Units: 55

(303) FMS Mgmt. Systems Inc.
Sales: $43MM** Units: 86

(304) Southern Hospitality Corp.
Sales: $43MM** Units: 62

(305) MTC Mgmt. Inc.
Sales: $42.6MM Units: 101

(306) Trader Vic's
Sales: $42.6MM* Units: 21*

(307) The Evangelical Lutheran Good Samaritan Society
Sales: $42.5MM† Units: 200

(308) Consumer Food Services Inc.
Sales: $42MM** Units: 25

(309) MCL Cafeterias
Sales: $42MM** Units: 27

(310) Houston's Restaurants
Sales: $42MM* Units: 15

(311) Americana Hotels Corp.
Sales: $41.8MM* Units: 24*

(312) State of Hawaii School Foodservice
Sales: $41.6MM† Units: 227

(313) Restaurants Unlimited Inc.
Sales: $41MM Units: 18

(314) Hamburger Hamlets Inc.
Sales: $41MM** Units: 24

(315) Dallas Independent School District
Sales: $40.6MM† Units: 183

(316) Phillips Seafood Restaurants
Sales: $40.6MM Units: 6

(317) State of Washington Government Institutions
Sales: $40.6MM† Units: 36

(318) New York State Office of Mental Retardation
Sales: $40.3MM† Units: 20

(319) Dino's USA Inc.
Sales: $40MM Units: 200

(320) Michigan State University
Sales: $40MM† Units: 43

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(321) Sirloin Stockade Intl.
Sales: $40MM Units: 60

(322) Vall Ent.
Sales: $40MM Units: 17

(323) Rowntree MacKintosh
Sales: $40MM** Units: 301

(324) Southern Cafeteria Co. Inc.
Sales: $40MM** Units: 76

(325) Pennsylvania Dept.
of Corrections
Sales: $39.7MM† Units: 14

(326) State of Louisiana,
Office of Purchasing
Sales: $39.2MM† Units: 39

(327) U.S. Marine Corps
Military Clubs Branch
Sales: $39MM† Units: 163

(328) Bobby Rubino's
Sales: $39MM** Units: 25

(329) Huddle House Inc.
Sales: $38MM Units: 129

(330) Jerry's Systems Inc.
Sales: $38MM Units: 61

(331) Legal Sea Foods Inc.
Sales: $38MM Units: 5

(332) The Levy Organization
Sales: $38MM Units: 27

(333) Restaurant Mgmt. Service Inc.
Sales: $38MM Units: 36

(334) Wrather Corp.
Sales: $38MM Units: 53

(335) Elmer's Pancake & Steak House
Sales: $38MM** Units: 31

(336) Winegardner & Hammons Inc.
Sales: $37.8MM Units: 37

(337) School District of Philadelphia
Sales: $37.5MM† Units: 254

(338) Frontier Ent.
Sales: $37MM Units: 28

(339) David's Cookies
Sales: $36.5MM* Units: 200**

(340) Country Kitchens of Wisconsin
Sales: $36MM Units: 60

(341) Dietary Consultants Inc.
Sales: $36MM† Units: 65

(342) Texas Dept. of Mental Health
& Mental Retardation
Sales: $35.9MM† Units: 27

(343) Brunswick Corp.
Sales: $35.8MM Units: 147

(344) Bresler's 33 Flavors
Sales: $35.8MM** Units: 325

(345) OSF Intl.
Sales: $35.6MM Units: 24

(346) Brigham's Inc.
Sales: $35MM Units: 82

(347) Cox Hotel Corp.
Sales: $35MM Units: 22

(348) Seafood Shanty Restaurants
Sales: $35MM Units: 14

(349) Taco Tico Inc.
Sales: $35MM Units: 108

(350) The Boyd Group
Sales: $34.9MM* Units: 14

(351) Sonesta Intl. Hotels Corp.
Sales: $34.4MM* Units: 150

(352) LaRosa's Inc.
Sales: $34MM Units: 47

(353) Shari's Mgmt. Corp.
Sales: $34MM** Units: 36

(354) Arctic Circle Inc.
Sales: $33.7MM Units: 112

(355) AmeriNet/Intermountain
Health Care
Sales: $33.6MM† Units: 150

(356) State of Kansas
Div. of Purchasing
Sales: $33.6MM† Units: 25

(357) Spire's Restaurants
Sales: $33.2MM Units: 27

(358) U.S. Beef Corp.
Sales: $33MM Units: 71

(359) Heidman Inc.
Sales: $32.9MM* Units: 24

(360) Happy Chef Restaurants
Sales: $32.5MM Units: 51

(361) Atlas Hotels Inc.
Sales: $32MM Units: 22

(362) Coulter Ent.
Sales: $32MM Units: 67

(363) 4B's Restaurants Inc.
Sales: $32MM Units: 27

(364) Clock Restaurants Inc.
Sales: $32MM* Units: 40

(365) Olga's Kitchen Inc.
Sales: $32MM Units: 38

(366) AIFAM Ent. Inc.
Sales: $31.7MM** Units: 78

(367) Casa Olé Restaurants
Sales: $31.5MM Units: 33

(368) The C&C Organization
Sales: $31.3MM Units: 26

(369) United Inns Inc.
Sales: $31.3MM Units: 40

(370) Rosewood Hotel Group
Sales: $31MM Units: 6

(371) Spencecliff Corp.
Sales: $31MM Units: 26

(372) Munford Inc.
Sales: $31*MM Units: 801

(373) Corporate Food Services Inc.
Sales: $30.8MM† Units: 58

(374) Texas Dept of Corrections,
Food Service Dept.
Sales: $30.8MM† Units: 27

(375) Maryland Dept.
of General Services
Sales: $30.8MM†** Units: 33

(376) U.S. Naval Medical Command
Sales: $30.6MM† Units: 27

(377) U.S. Air Force Medical Service
Sales: $30.5MM† Units: 82

(378) Sandwich Chef Inc.
Sales: $30MM Units: 184

(379) State of Tennessee
General Services
Sales: $30MM† Units: 42

(380) Valentino's
Sales: $30MM Units: 39

(381) Vie de France Restaurant Corp.
Sales: $30MM Units: 55

(382) Big 4 Restaurants Inc.
Sales: $30MM** Units: 14

(383) Hospitality Intl. Inc.
Sales: $30MM** Units: 218

(384) JRN Chicken Stores
Sales: $30MM** Units: 70

(385) The Management Group Inc.
Sales: $30MM** Units: 15

(386) G.D. Ritzy's
Sales: $29.9MM Units: 58

(387) Busch Entertainment Corp.
Sales: $29.3MM* Units: 48*

(388) Allen & O'Hara Inc.
Sales: $29.2MM Units: 24

(389) Monterey House Inc.
Sales: $29MM Units: 61

(390) Perk Development Corp.
Sales: $28.4MM Units: 28

(391) Fairfax County Public Schools
Sales: $28.2MM† Units: 204

(392) Hillsborough County
School Board
Sales: $28.1MM† Units: 138

(393) Numero Uno Franchising
Sales: $28MM Units: 62

(394) Pappas Restaurant Inc.
Sales: $28MM Units: 13

(395) State of Tennessee,
Dept. of Corrections
Sales: $28MM† Units: 32

(396) Tem-Kil Co. Inc.
Sales: $28MM** Units: 55

(397) CVI Service Group Inc.
Sales: $27MM Units: 78

(398) The Pasta House Co.
Sales: $27MM Units: 23

(399) Grand American Fare
Sales: $26MM Units: 32

(400) Pepe's Inc.
Sales: $26MM Units: 62

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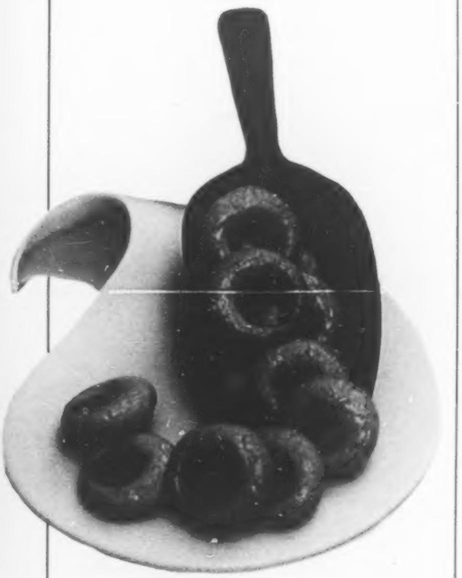

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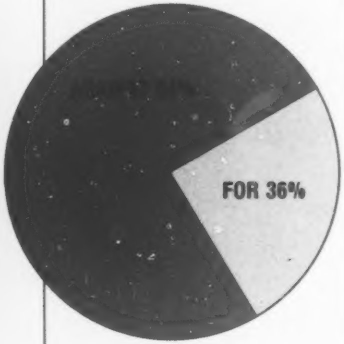
R&I REPORT

A CLOUDED ISSUE

When asked whether they are for or against mandatory non-smoking sections in restaurants, here is how independent operators re sponded:



OPERATOR OUTLOOK

What Can You Do about Rising Insurance Rates?

If you are not feeling the pinch from escalating insurance costs, consider yourself either extremely conscientious or extremely lucky.

A random poll of independent operators across the country in June found 80% feel their rates have gone up a lot, 12% say rates have gone up slightly, 8% have remained the same and no one reported rates having gone down. Among the same group, 84% feel the increases are not justified.

Rising rates, especially liquor liability, are putting the squeeze on margins and affecting operations in numerous ways.

Most operators report trying to resist passing the cost along to the customer by holding labor and food costs down. Yet others say they have had no choice but to raise prices.

Others are responding in different ways to offset the costs. Francis Johnson of Cricket's in Chicago has added a 20% deductible to employee medical coverage. Roger Berkowitz of Legal Seafood in Boston is lobbying in efforts to put a cap on rates. Many operators report they are constantly shopping around for lower rates.

Too many report, however, that they are just paying the price and taking their lumps.

Opinions Mixed on Non-Smoking Ordinances

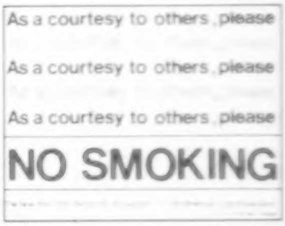
As more and more communities adopt non-smoking ordinances for public places, restaurant operators are being forced to adapt and look for innovative ways to please all customers.

Some operators surveyed report expanding their "bar areas" which are not regulated by many of the new ordinances. Others report making no changes, feeling it is common courtesy by smokers to refrain when it offends others.

A health department official in Skokie, Ill., where an anti-smoking law passed in June, says his department will only respond to complaints.

"If nobody is concerned that a restaurant doesn't have a smoking area, there is no reason for us to expend our manpower," the official says.

On the other hand, many operators report the patron's appreciation for having a choice. John Dayton of Routh Street Cafe in Dallas says customers deserve the choice, and he feels business is good *because* of the new non-smoking ordinance. And he is not alone in his opinion. Thirty-six percent of the operators polled are for mandatory non-smoking areas.


As a courtesy to others, please
As a courtesy to others, please
As a courtesy to others, please
NO SMOKING

Operator Outlook will become a regular monthly feature in which operators are polled about important issues facing the industry. —*J.W.*

Because of the increasingly litigious nature of society, skyrocketing liquor liability rates are hitting operators hard.

BREAKFAST
BEVERAGES
HOAGIES
HOT SANDWICHES

CONVENIENCE STORES:

THE NEW FAST-FOOD MERCHANTS

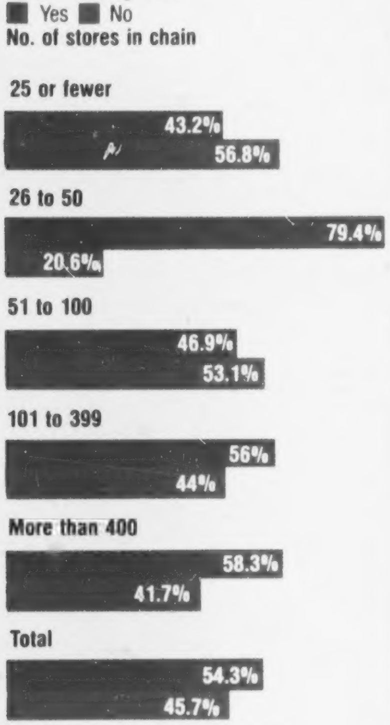
FOODSERVICE FRONT

The battle for a bigger market share is heating up, as c-stores add hot menu items, expand deli offerings and give customers a place to sit down.

RESTAURANTS & INSTITUTIONS

SIT DOWN AND TAKE NOTICE: MANY C-STORES NOW OFFER SEATING SPACE

According to a Cahners Bureau of Foodservice Research survey completed by 184 c-store operators, at least some stores offer patrons a place to sit while they are eating. Small chains are more likely than large chains to include a sit-down eating area.



Source: Cahners Bureau of Foodservice Research

Arco's am/pm mini markets began selling self-serve fountain drinks in 1981. Do-it-yourself milkshakes followed in 1984. Hot dogs, introduced with heavy media support a year later, were soon moving at a daily rate of 280 per store. Then, in the wake of internal research showing burger sales potential to be 10 times that of hot dogs, Arco sailed into the hamburger business.

Within five years, a major convenience-store chain moved from selling a few sodas on the side to making foodservice an integral, growing part of the business.

Variants on this story can be found throughout the c-store industry. In fact, Southland Corp.'s vast 7-Eleven

■ **ROUNDTABLE**

C-Store Foodservice Here to Stay, Say Industry Experts

This discussion, which took place May 17, included Dan Spener, a St. Louis-based foodservice consultant; George Samaras, vice president of franchising at Church's Fried Chicken, San Antonio, Texas; and Richard Reinhard Jr., former foodservice director at Southland Corp. Reinhard left Southland in May to become president and chief executive officer at Central Park U.S.A., a drive-thru only concept headquartered in Chattanooga.

R&I: Are convenience stores, supermarkets and fast-food chains competing for the same foodservice dollar?

Spener: There is definite competition between the meal-occasion dollar, meaning snack and regular mealtimes. Stores such as 7-Eleven typically carry between 150 and 200 different immediately consumable snack items. And the snack occasion, I feel, is completely different than a meal occasion. If you look at the meal occasions and consider the fast-food items that convenience stores are now carrying, whether they are manufactured fresh on premises or whether they are manufactured somewhere else and then simply reconstituted on premises, I feel that those dollars are in direct competition with fast feeders and supermarkets for that particular category.

Reinhard: I think the demographics have a lot to do with it. The typical convenience-store customer is an 18- to 34-year-old male, blue-collar worker. We're trying to get more women into our stores. We're trying to get more of what I call pink-collar workers, which are high tech, as high tech is taking over manufacturing in this country. Our success is now being skewed towards companies like Church's.

Samaras: I don't think there's any doubt that we're competing for the same dollars. There's only so much of the pie to cut, and the fast-food industry at one time pretty much retained its own share of that pie. The biggest problem we had then was how we were going to divide that pie within the industry. Today the lines are not drawn quite as clearly. The fact that there's been somewhat of a marriage on a test basis between convenience-store companies and fast-food companies really is an attempt on the part of both industries to avoid a collision.

R&I: Are the customers who visit the fast-food location inside a c-store the same customers who buy items from the convenience store?

Reinhard: Most of our core customers are heavy fast-food users, but I can't say that all heavy fast-food users use convenience stores. They buy Super Big Gulps and Big Gulps because the value for those drinks is better in a c-store than it is in a traditional fast-food place. Our big challenge is to get fast-food users to come into the convenience store, and shed the negative image they have of c-stores—microwave sandwiches, unsanitary and sometimes unsafe conditions.

Samaras: Convenience research shows that fast-food purchases are largely impulse purchases. I think we're talking about the same basic consumer. The only difference is the frequency with which one crosses over to use c-stores and fast food. The media exposure of

Richard Reinhard Jr.
Southland Corp.

CONVENIENCE STORES

> **"Some chains are already involved in long-term testing, while others are just developing a marketing plan. A strong point for c-stores is that they're willing to try anything."**

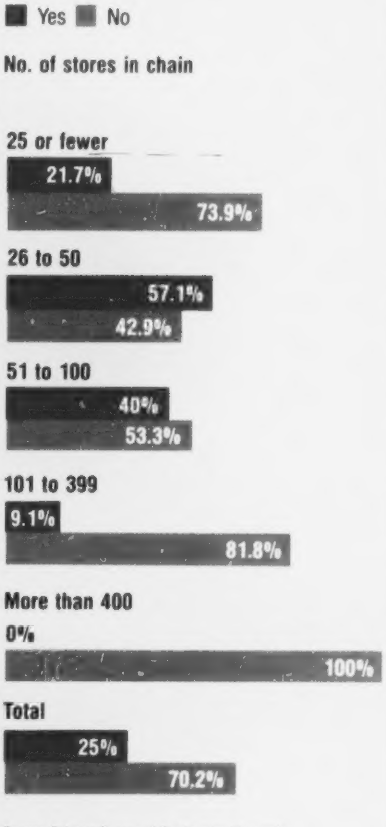
WHAT'S ON THE C-STORE MENU TODAY?

Percentage	Menu Item	Percentage	Menu Item	Percentage	Menu Item
51.3%	Deli sandwiches	6.9%	Salads	2.5%	Burritos
43.1	Chicken	6.3	Chili	2.5	Hot Entrees
33.1	Hot dogs	6.3	Nachos	1.9	Cookies
23.1	Deli	5.6	Popcorn	1.9	Ham
13.1	Pizza	3.8	Breakfast	1.3	Corn dogs
11.3	Hamburgers	3.8	Barbecue	1.3	Ribs
10.6	Doughnuts	3.8	Biscuits	1.3	Bread
10.6	Soup	3.8	Fries/Potatoes	1.3	Meat
7.5	Bakery products	3.1	Fish		

Source: Cahners Bureau of Foodservice Research

MORE SEATS ARE ON THE WAY

A quarter of all c-stores lacking in-store eating areas say they plan to add them. Small and mid-sized chains are most intent on letting customers take a load off their feet.



Source: Cahners Bureau of Foodservice Research

empire followed the same pattern, beginning with fountain drinks and progressing slowly but surely to The Works, an extensive foodservice program now in test.

No longer is c-store foodservice confined to carryout. Thirty percent of convenience stores provide in-store dining space for patrons, according to the *Convenience Store Merchandiser*, a trade magazine.

C-store companies, with a total of 76,000 units, have dabbled in foodservice since the '60s, when 7-Eleven first installed its Slurpee machines. But the real explosion has occurred just in the past couple of years. Some companies continue to play it safe with a narrow line of foodservice offerings, but more and more seem determined to tackle the fast-food companies on their own turf.

"There's no question that we're seeing a major commitment from the c-store industry to put together foodservice programs," says consultant Coney Elliott of Solutions Inc., San Angelo, Texas. "Some chains are already involved in long-term testing, while others are just developing a marketing plan. A strong point for c-stores is that they're willing to try anything."

The c-store chains may well succeed in their endeavors. A look at one of Wawa Inc.'s dining areas or foodservice counters (pictured on the opening page of this article) could make a fast-food executive's heart sink—for the fact is that the best of c-store foodservice is as sparkling clean and professionally run as any traditional fast-food operation.

The underlying reason for the c-stores' enthusiasm is the attractive gross profit margin generated by fast food—estimated by the National Association of Convenience Stores at 47.4% for 1985. By comparison, profit margins for retail sales ranged from a high of 35% for groceries to a low of 7.3% for gasoline.

The growing momentum of c-store foodservice can be measured several different ways. In the early 1970s, fast-food items accounted for only 1.5% of total c-store sales; by 1985, foodservice sales had swollen to 13.1% of total in-store sales (excluding gasoline). Not

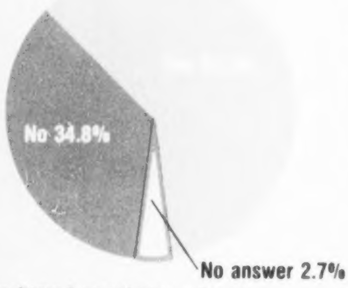
The biggest fast-food vendor, by far, is Southland Corp.

counting fountain drinks, fast-food sales totaled $3.7 billion in 1985, and that figure is growing at the rate of 15% a year. In addition, the number of c-stores increased by 15.2% last year, giving them a larger base for expansion into foodservice.

Southland's The Works offers testimony to the c-stores' growing confidence and sophistication in the fast-food arena. The name refers to two things: a fast-food restaurant prototype and a self-service condiment bar with 16 different toppings for hamburgers, hot dogs and sandwiches. Southland also is conducting joint ventures in several locations with fast-food chains, notably Church's Fried Chicken.

CONVENIENCE-STORE MENUS LIKELY TO GROW

A clear majority of c-store operators plans to add new food items during the next year.



Source: Cahners Bureau of Foodservice Research

Rapid expansion into foodservice is the striking fact about Casey General Stores Inc. The chain's "Homemade Pizza to Go" is on sale at 230 stores, up from just 10 a year ago. Another pioneer is Indianapolis-based Village Pantry, which makes its own pizza from scratch—and then delivers it.

Convenience Store News' 1987 industry report identified as a megatrend among c-stores the replacement of prepackaged sandwiches with freshly prepared sandwiches. One chain even bakes its own bread in the interest of a better sandwich. Building on an already-strong breakfast trade, several other chains are doing their own versions of McDonald's and Hardee's sausage and biscuit combos.

This savvy has been acquired, in

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C-stores are out to capture fast-food customers.

the fast-food chains also has a lot to do with where people eat.

Spener: I think, too, that convenience stores, with their deli sandwich programs, are recruiting a new customer base, the brown baggers. Now that there are two-income families, no one wants to make the sandwich the night before, and that person would rather grab a sandwich on the way to work. C-stores and fast food are really going after the same customers, and the c-stores that offer the best value and consistent quality will survive.

R&I: Dick, do you know why heavy fast-food customers don't seem to be using c-stores as heavily?

Reinhard: Again, customer demographics have a lot to do with it. Hardee's and Church's attract a lot more women and children, a varied mix of customers, compared to c-stores.

Spener: How much of c-store food sales are impulse? I think the airport feeders have said that 40% of their customers buy a hot dog or something at nontraditional mealtimes, just because it's there.

Reinhard: Obviously they're important. We have the snack dollars. When we make a big investment to open a full-production fast-food operation—then we need the meal occasion dollars to make it work.

R&I: Foodservice has got to be a whole new problem for you.

Reinhard: We now need restaurant licenses just like anyone else. Some of our stores are 15 or 20 years old. Sometimes, we may as well raze the building, considering all it takes to remodel. We haven't determined that combining with fast food is the almighty answer to anything. We know it has potential but we don't know how it works. Sometimes, managers who have been in retail for a long time resist the change. We tell them we're going to add a fried chicken operation, and they worry about grease getting on the Rice Krispies.

R&I: What are the other drawbacks and benefits to c-store/fast-food marriages?

Reinhard: The retail mindset is not technically skewed toward the regulatory environment for preparing foods from scratch. It's a lot different selling a can of sardines with a shelf-stable life of two years than some chicken that has a 10-minute code. You can't ask a retailer to throw something out. Our coffee, for instance. We have the "It's Fresh or It's Free" promise, so if managers don't throw it out, they give it away. And managers may not be attuned to the attention to detail necessary to provide quality food.

Daniel H. Spener
Foodservice Marketing Consultant

Samaras: The first benefit is location. A drawback to us might be our concern about image and quality of the products that are served. That's a problem if the concept isn't executed properly at the local store level. And even though two companies may have agreed to a test, there may be those at both ends who think that putting fast food in a convenience store is not the right way to go. Location is important, but are we going to lose the customers who find the 7-Eleven is actually more convenient than the traditional Church's store they visit?

Spener: The smarter move or the more long or far-sighted move may be to take advantage of this location factor, to capitalize on the fact that the c-store is there and has the zoning gets you into a fast-food marriage with that convenience store much quicker than starting up with your own. You're able to go into market areas that have a need.

Samaras: Your point is well taken. However, it depends on who you are. McDonald's today doesn't appear to be very interested in convenience-store lo-

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CONVENIENCE STORES

Chains with a "50% attitude" are after a mainstream clientele that will come in for meals, not just snacks. They're willing to make major investments to reach that goal.

part, by importing talent from the fast-food industry. It's no accident that NCS's director of fast foods, Jim Lynch, has worked for three burger giants: McDonald's, Burger King and Wendy's. Russell Stutzman, a consultant in Ocean Springs, Miss., comments, "C-stores are recognizing that they need foodservice experts to succeed, and they don't have many of their own,"

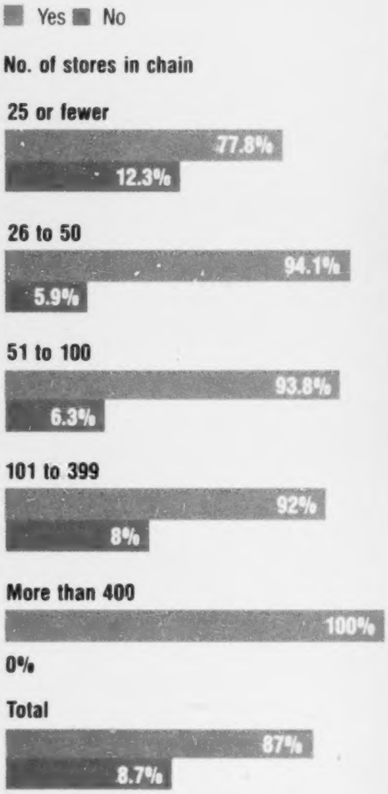
In the Los Angeles area, Arco's billboards trumpet: "Too bad, McDonald's. Sorry, Burger King. Tough luck, Wendy's." Despite this air of bravado, however, many c-store chains are still weighing their options.

"Everyone is still in the groping stage—trying to find a magic formula that puts them in the foodservice business," says Stutzman.

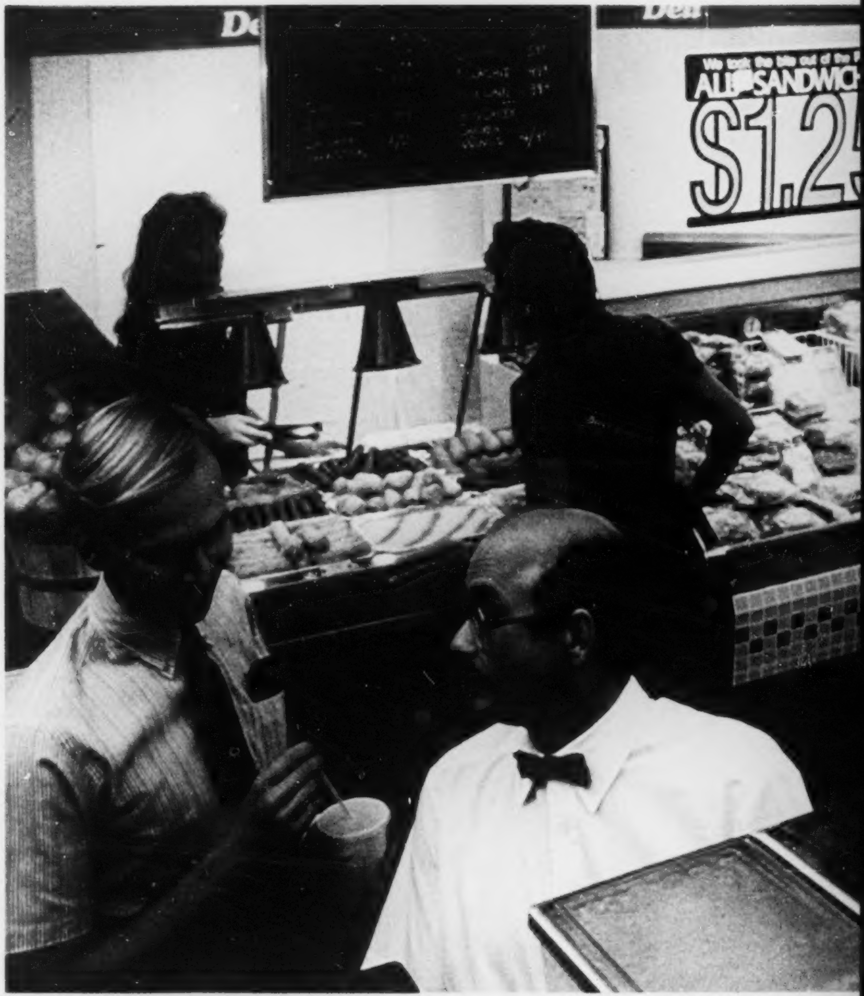
At some point, they'll have to choose between two basic mindsets, often called the "10% and the 50% attitudes." C-stores willing to settle for foodservice as a minor part of total sales are taking the route of caution. Devoting only a small percentage of floor space to prepared food items, they'll continue to attract a snacking clientele, and they'll probably stick to self-service.

A chain adopting the more radical 50% attitude, on the other hand, wants fully half of sales to come from foodservice. "This kind of chain is trying to position itself in the consumer's mind as a viable alternative to fast

ON-THE-SPOT PREP ON THE UPSWING? Eighty-seven percent of all respondents said they prepare some items on the premises, a figure that rises to 100% for chains with 400 or more units.



Source: Cahners Bureau of Foodservice Research



food," says Stutzman.

It is these ambitious chains that, once they've invested in the sit-down dining areas, the restrooms, the on-premises food preparation and the personnel, have the best chance of convincing customers they can perform as well as—or even better than—the fast feeders.

—Toni Lydecker and Lisa Bertagnoli

How do c-stores measure up? This question will be explored in the Aug. 19 issue of R&I.

National Convenience Stores tripled hot-dog sales by abandoning old-fashioned roller grills for the merchandising pizzazz of spits.

Kelli's
DELI

The typical c-store patron is a blue-collar, lower-income male.

cations or in supermarket locations. They've been very interested in military bases and other specialty type locations, but not in c-stores. Church's has a few more than 1,500 stores, and we have not penetrated a lot of markets. Obviously, we are extremely interested and we are location-driven in that respect. But the dividing of dollars that I'm talking about really has not so much to do with Church's and 7-Eleven, but with the fact that there are convenience stores in a market where there are already fast-food locations. The fact that we're in competition for the same dollars is reality.

R&I: I think McDonald's isn't interested in those kind of sites because McDonald's isn't interested in anything where they might have to relinquish some control.

Samaras: There's another part of the equation—sheer numbers of locations. They (McDonald's) have as many as we do. Church's doesn't have that penetration. Southland does.

Reinhard: And that's the give-and-take between a convenience-store company like Southland and a fast-food company like Church's. I don't want to get too far off the beaten path here, but I do want to add that chicken is more conducive for the convenience store environment because it holds longer than hamburger or even pizza. No wait for the product, it's already precooked. Chicken is also something you can eat cold. 7-Eleven is the largest retailer of brewed coffee in the free world. A construction worker can come in and not only buy his coffee and a Danish pastry, but buy some chicken at 10:30 in the morning to eat cold at lunch.

Spener: While we're talking about your marriage, we'd best throw this question out. The whole industry suspicion is that Southland is going to learn everything about the chicken business that they can from Church's, then they can be in the chicken business in all their 8,500 stores. That's the big thing buzzing in the back rooms and it's something that needs to be addressed up front.

George Samaras
Church's Fried Chicken

Samaras: A lot of people have tried to copy the Church's marination system. It clearly is the best quality chicken at the best possible value in the marketplace today and if it was so easily copied, there would be other players out there besides Church's. Besides Popeyes (and Kentucky Fried Chicken), there aren't too many others.

Spener: Is there anything within your agreement that prevents Southland from entering into their own independent chicken operation?

Reinhard: The franchise agreement that we sign with Church's is the same agreement that's signed by every franchisee. A typical franchisee cannot go out and develop a chicken product when they're already a franchisee of a franchisor of a major chicken chain. The agreement with Church's is a test, however, and we can dissolve that agreement when we so desire or we can proceed.

Samaras: There isn't a convenience store or company in America that hasn't contacted us. I'm talking about the regional ones.

Reinhard: Every week I get calls from one or two chains—we now have a mini version of our concept—but our plate is full. We've got our Hardee's Hamburger and biscuit feast, we've got our Church's fried chicken feast and we have our own concept of The Works that we're testing. With that and our typical convenience-store foods, we've got our plate full. We are still retailers first and foodservice operators second.

Spener: One point that I don't think has been lost to the convenience stores is that of top line. When you look at the

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Impulse buys, snack foods anchor c-stores sales.

foodservice industry and its traditional gross profits, compared to those for supermarkets and convenience stores —I don't think the fact is lost to anyone.

Reinhard: It is a top-line battle. Everybody's looking for that something that will give them that much more in sales. It isn't just adding one more shelf item any longer. The problem is much deeper than that—it's incremental sales without any major cannibalization of existing products. By taking up 300- to 500-square feet with foodservice, we obviously have to eliminate some products or some product faces. It's like a balloon. When you poke your finger in one side, it's got to come out somewhere else, or the balloon will break. It's the same thing when you're working in 2,400 square feet. There's a fine balance of retail product offerings as far as gross profit is concerned. But we would be remiss not to test (with Church's).

R&I: What sort of things are you learning from one another?

Reinhard: We are learning from Church's how to teach our management people to operate restaurants within a convenience-store environment. They are becoming knowledgeable as to the sensitivities of this regulatory business of foodservice, preparing food from scratch, proper holding times, sanitation, handling, receiving—the accountability and tracking of the products and related sales. It's all being learned from Church's and it has helped us tremendously.

Spener: Foodservice can learn a good lesson from the retail side of convenience stores. Retail generally reacts more quickly to customer demand, whether it's trends or fads or new products. Retail just jumps in and grabs a new trend, while foodservice tests and tests, and sometimes misses a trend. Both sides can learn from each other if they keep their eyes open.

R&I: George, what are you learning from c-stores?

Samaras: We had to make some changes in order to work within a convenience-store concept. For instance, all Church's stores cut chicken, which is an inherently sloppy product. That wouldn't work in a 7-Eleven, so we had to come up with a precut, premarinated product. That's how it's delivered to the 7-Eleven stores. We also learned that customers in 7-Eleven stores did not necessarily want to see food production. Church's traditionally has had an open kitchen, so we had to learn how to close off the kitchen.

Reinhard: One of the biggest transi-

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EQUIPMENT INVESTMENTS SHOW DETERMINATION TO PLAY FOODSERVICE HARD BALL

More c-stores own coffee brewers than any other piece of equipment.

%	Type of Equipment
95.7%	Coffee brewers
92.9	Carbonated beverage dispensers
92.4	Kitchen sinks
91.3	Microwave ovens
89.1	Ice Makers/dispensers
87.0	Beverage dispensers
86.4	Reach-in freezers
85.9	Reach-in refrigerators
83.7	Refrigerated display cases
78.3	Slush machines
74.5	Hot dog grills
70.7	Work tables
67.4	Popcorn machines
64.7	Coffee urns
58.2	Electric food slicers
57.6	Hot dog steamers
56.5	Refrigerated/preparation tables
55.4	Food and soup warmers
50.5	Soft-serve machines
44.6	Tray racks
44.0	Convection ovens
41.3	Cheesemelters
41.3	Heat lamps and infrared strips
38.6	Floor deep-fat fryers
29.9	Pressure fryers

Source: Cahners Bureau of Foodservice Research

Reinhard (middle) and Samaras (r.) listen to comments during the convenience-store discussion held by *R&I*.

CENTRAL COMMISSARIES HELP C-STORE CHAINS ACHIEVE ECONOMIES OF SCALE

Nineteen percent of survey respondents have a central commissary. They use it most frequently to prepare sandwiches, baked goods and chicken for distribution to individual units.

Menu item	% prepared in commissary
Sandwiches	62.9%
Baked Goods	28.6%
Chicken	17.1%
Pizza	11.4%
Barbecue	8.6%
Salads	5.7%
Deli	5.7%
Hot dogs	5.7%
Bake-off products	5.7%
Burritos	2.9%
Chili	2.9%
Popcorn	2.9%
Nachos	2.9%
Hamburgers	2.9%
Breakfast Sandwiches	2.9%

Source: Cahners Bureau of Foodservice Research

Experts agree: C-stores need image enhancement.

tions I had to make was looking at gross profit dollars vs. food costs. That's the biggest problem we have: retail accounting vs. cost accounting. You cannot operate restaurants without cost accounting—you have to have that attention to detail.

R&I: Are retail/foodservice combinations a fad or a trend?

Spener: I think over the next five years you're going to see a drastic increase in combination c-store/fast-food units. I don't have a crystal ball, but I also can envision a retrenching after that, and then real reduction. I don't think that says there's not a trend here. A lot of companies who aren't committed to the idea and just want to grab for some dollars will get into the act, but they'll end up losing money.

Reinhard: They may be grabbing top-line dollars, but it may be negative on the bottom line. There is definitely a trend, because consumers are becoming more demanding as far as choice of offerings, and the fast feeders are no longer fast because of menu extensions. When we add a limited menu such as Church's to our choices, there's more choices for the consumer.

Samaras: It's a whole new frontier, just like when the fast-food industry went into breakfast. A few short years ago, no one would think of going to a "hamburger joint" for breakfast. We're forging ahead in this frontier, but we don't know what will happen. The consumer will vote with his dollars, and tell us what he wants and what he needs. It's that simple.

R&I: Do you see a strong market for breakfast in convenience stores?

Reinhard: We haven't been in breakfast, but, considering 7-Eleven's clientele, we do see an opportunity. It may be more location-driven than anything else, but we're certainly looking at breakfast within the 7-Eleven store concept. Our Church's units offer an omelet biscuit, even though traditional Church's units do not serve breakfast.

Spener: Talking about breakfast brings up another point—scheduling. Retailers previously have scheduled people by shift. Now you have to schedule by hours. And employees who put out a breakfast require far more training than those who stand at a cash register and make change.

Reinhard: That s where the term "commitment" really hits home. Senior management must dedicate labor to foodservice tasks, and that labor needs to be scheduled hourly. This means changing the retail mindset to accommodate foodservice, and it's much easier said than done.

A beverage program marked 7-Eleven's entry into foodservice.

TRAINING

Training's Role Commanding Respect

Biggest problems facing training and human resources leaders are availability of quality labor and turnover.

A survey of hospitality industry trainers shows executives are looking to their training departments today to produce the success stories of tomorrow.

Top management at more than nine out of 10 foodservice companies is making a greater commitment to training in order to attain the operation's goals, according to results from the 1987 Hospitality Industry Training Survey (HITS). *Restaurants & Institutions* conducted the survey among members of the Council of Hotel and Restaurant Trainers (CHART) to give the industry some comparisons, reference points and timely training statistics to plan for the future.

Survey respondents report that management now accepts training as part of marketing and operations. They say the programs help eliminate inconsistent performances and make direct contributions to sales and cost controls.

Of course, budget is the key to reaching any or all training department goals, and training directors have reason for optimism. The portion of the corporate operating budget committed to training has increased to 8.3%, an average increase of 24.5%, according to HITS results.

One of the reasons behind higher budgets is the increase in training staff members. Operations continue to expand, and it is becoming increasingly important and difficult to find and develop talented people. The survey shows the average staff stands at 14.1 people, an increase of 5.3% during the past year.

Company philosophy also has become more centered around its people. The survey shows that companies are opening their own learning centers, increasing field management training and updating film libraries.

Where the training takes place continues to be a much-debated topic. HITS results show 62% of training programs are initiated in a central location, while 60% take place in decentralized locations. The percentage adding up to more than 100% indicates that many companies mix their training sites. Generally, management is trained at a centralized location, while hourly personnel are taught at their own unit.

Trainers who prefer a centralized site argue that training done at one corporate facility helps to deliver a more consistent message. But more and more training is being done at the field level as organizations expand and find it necessary to develop field training programs.

When it comes to the number of days or weeks spent in training, the results reported in the HITS survey vary widely, depending on title. Hourly workers spend an average of 8.8 days a year in training; management trainees, 17.6 weeks a year; unit managers, 7.4 weeks a year; regional supervisors, 2.2 weeks a year; executives, 1.6 weeks a year; staff members, 1.6 weeks a year.

The HITS survey found that back-of-house personnel are receiving the most training in safety, security, sanitation and quality control.

Some training departments report involvement in the succession of planning for key positions. Only a few departments, however, report full responsibility for identifying the candidates and setting up plans to prepare for the position. Most departments appear to act in more of an advisory capacity to top management.

About 55% of the respondents say they get involved in setting the career paths of high-potential employees. Responses identifying the methods to make fast-track employee programs work include identifying the employee, planning the necessary technical and managerial experiences (some self-paced) and timely evaluations. Personal inventory and individual counseling is another popular method for determining career path. Many training departments encourage participation in outside seminars to develop motivational, leadership and entrepreneurial skills.

And just what is the makeup of today's training professional? Survey respondents have held their current position for 2.7 years and have been employed by their current company for 6.2 years. The average trainer has had either 8 years experience in operations, 5.9 years in personnel, 8.4 years in human resources development or 10.7 years in other fields. About 43% have a formal business education, 22.5% in hotel and restaurant management, 20% in adult learning and HRD, 17.5% in liberal arts and 32.5% in other disciplines.

Finally, we asked the CHART members what they are doing to prepare for changes occurring in the work force. Many are training for change through the use of video programs, concentrating on softer people skills rather than technical training. They want to increase service without compromising quality.

Labor availability and turnover are far and away the toughest issues facing trainers today. Finding quality labor and instilling entrepreneurial characteristics, erosion of market share, lack of company growth and selling the need for training also are top of mind.

—Jeff Weinstein

TO WHOM DO YOU REPORT?

While most trainers prefer to report to the president, here is the real breakdown.

Personnel/HRD	35%
Company president	32
Operation/line	17
Administration	10
Other	17

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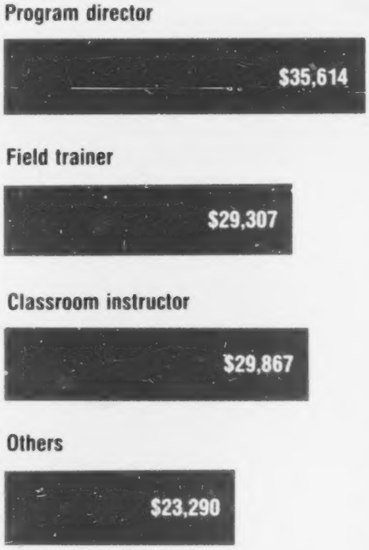
DOES TRAINING PAY?

Here is a chance for you to compare your salary to that of the average of survey respondents from the CHART organization.



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SYSTEMS

HUMAN RESOURCES

Customer Assistance Program Takes Off

Roy Rogers is recruiting older adults to make customers feel at home.

Years ago Roy Rogers employed hosts who showed concern for customers by fetching coffee refills for grown-ups and booster seats for young children. "That employee went out with miniskirts, " recounts Sue Landgraf, director of training for the Marriott Corp. subsidiary.

Miniskirts are on the way back in, if the fashion industry has its way, and so are Roy Rogers' hosts—now known as Customer Assistance Program (CAP) representatives. CAP reps are on the job in about 80% of Roy Rogers units, and the company hopes to be fully staffed by the end of the year.

"The rationale is that fast-food customers don't want a hassle when they eat out. Our research shows that if people don't have confidence in the service, they won't enjoy the meal," says Landgraf.

The job slot is designed specifically for older people, considered ideal because they have so much more experience in personal interaction than the typical teen-aged crew member.

The CAP jobs also are more appealing to this age group than many fast-food jobs. Cooking hamburgers for three or four hours straight or working as a cashier is physically demanding work that might not be acceptable to older people.

The basic responsibility of CAP reps is to make each customer feel at ease. To this end, they greet and say goodbye to everyone—a personal touch that gives the operation the feeling of a neighborhood restaurant. In addition, they circulate through the restaurant, keeping a sharp eye out for anyone who needs help.

The CAP rep might also intervene when a rushed cashier makes a decision that's technically right, but wrong from a human relations point of view. In one case, a cashier upset a couple by refusing to accept a coupon with an expired date. The CAP rep smoothed over the situation, bending the rules so the customers could use the coupon and leave happy.

The new job category can be hard to sell to unit managers. "From their standpoint, it might look like paying someone to do nothing," says Landgraf. "They have to see the program in action to be convinced."

Finding the right person for the job is equally tough, she adds. "It's better to have no one at all than to have the wrong person." The most successful method to date has been approaching regular customers in the right age bracket. *—Toni Lydecker.*

Sam King (standing) chats with a table of customers.

MEET SAM KING, THE CUSTOMER'S FRIEND

The customer's husband had just come out of surgery and was still a little unsteady on his feet. "Sam, could you please help my husband out the door while I bring around the car?" asked the elderly woman.

Sam King, a Roy Rogers CAP (Customer Assistance Program) rep, did as the customer asked, and she later wrote a grateful letter to the company.

It was all in a day's work for King, who is on a first-name basis with many of the customers at the White Oak, Md., unit where he works.

The gregarious King is "semi-retired" from an impressive career that has included founding hundreds of Boy Scout programs in the United States and the Virgin Islands, as well as working with senior citizens' groups. Making use of King's speaking skills, friendly manner and experience in community work, Roy Rogers recently flew him to New York City to train district managers to recruit their own CAP reps.

King is pleased with his new job. "I was glad to get away from the desk work of my previous jobs," he says. "Some people might think of this as a dead-end job, but I don't see it that way."

R&I DATA

LABOR COST INDEX: UNIT MANAGERS MAKE STRIDES

Traditionally, turnover among unit managers is a big problem, especially at fast-food operations. Maybe that accounts for the 10% jump in manager's salaries over the past three months reported in nearly every region of the country.

	Northeast	North Central	Southwest	West	Average commercial	Average institutional
Executive chef*	$27,415	$27,933	$28,662	$30,324	$28,875	$26,749
Manager*	22,816	22,676	22,116	19,003	24,311	19,916
Asst. manager*	19,844	16,696	18,483	16,955	19,054	16,753
Mgmt. trainee*	18,700	15,409	14,750	15,417	16,096	16,225
Cook**	289	195	222	237	230	244
Dishwasher**	194	168	162	153	159	182

Key: *annually **weekly

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American Gas Association (p.173-190)	**190,235-242**
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■ **LABOR**

Ability, Not Disability, Counts with Handicapped

Overcome myths and apprehensions by being selective in hiring practices.

Myth: Handicapped employees have a history of high absenteeism and low retention rates.

Fact: A Pizza Hut in Los Angeles had a 200% turnover rate until it started hiring disabled workers. The turnover rate now stands at 32%. The Marriott Marquise in New York City opened in October 1985 with 75 handicapped employees. As of July 1987, two have been let go, while three have been named employee of the month.

Myth: The handicapped are more likely to have accidents on the job so that workman's compensation insurance rates rise when disabled are hired.

Fact: Marriott Corp.'s loss prevention department says the disabled's accident rate is no greater than that of their non-disabled counterparts. Insurers are among the leaders in rehabilitation and placement of the handicapped.

Myth: Considerable expense is incurred to make adjustment for the handicapped in the work place.

Fact: A U.S. Department of Labor study shows 50% of employers incur no job-site modifications. Another 30% spend only between $100 and $500 for accommodations.

Because of the growing labor shortage and stronger educational programs provided by various vocational rehabilitation agencies, the number of chain, independent and institutional operations successfully hiring the handicapped has grown rapidly in the past five years.

But many operators remain reluctant or report of failed experiences when hiring retarded, mentally disabled or physically disabled people. Experts say their problems stem from poor screening programs and lack of clear job descriptions.

Because there has been so much pressure to take people out of long-term care centers, there are many more marginally qualified workers available. Some agencies remain overzealous in placing their clients, and unless operators screen potential employees, they sometimes are intimidated into taking someone not suited for the position.

Stephen Elmont of Creative Gourmets Ltd. in Boston runs a transitional employment center for the handicapped and says it is up to operators to do research about the agency they are dealing with. "Find out what kind of handicaps they deal with and what kind of staff they have," he says. "What is their value system? Or are they an agency who just tries to turn out people because Uncle Sam will reimburse them $100 a head?"

Once an operator decides to hire a disabled individual, what becomes most critical to success is the job match, says Pam Farr, Marriott's director of equal employment opportunities and affirmative action. "Matching skills with job requirements is crucial."

Farr says Marriott has rehabilitation counselors come to the job site to watch employees in action. The counselors evaluate such things as: the nature and skill of the job, transportation and shift requirements, manual dexterity, strength, bending, lifting and any computational aspects of the job, customer contact and verbal skills required. The job counselor is then better able to go back to their clients and refer prescreened individuals.

Marriott requires its operations managers to meet with the counselors and the prospective employees to discuss the job structure, production aspects and any modifications or accommo-

HELP IS AVAILABLE
Rehabilitation centers have a service too few operators are aware of. Job coaches will do extensive in-house training and monitor an employee's progress once left alone on the job. The concept is new to many states but the supportive programs have been successful and are spreading around the country.

The foodservice industry hires 8% to 10% of all handicapped workers, more than any other industry. They are reliable, take their jobs seriously and are willing to do tedious tasks that other employees try to avoid. Also, trends toward automated and specialized tasks in the industry work to the advantage of handicapped workers.

dations that might be needed.

Perhaps the biggest problem facing handicapped workers is transportation. Many disabled and mentally retarded people do not drive and are at the mercy of public transportation.

Burger King Corp. insists transportation arrangements be made before starting training. After training is complete, the employee is placed at the Burger King closest to his home.

Marriott tries to honor the shift and schedule requirements of the disabled. The mentally disabled are put on shifts when car pooling is available.

Barbara Lawson, executive director of Eden Express, a Los Angeles restaurant that specializes in training the handicapped, points to the rapid turnover of unit managers as a problem area.

"The disabled have too many people telling them what to do and they don't know how to respond," says Lawson. "There has to be a red flag to notify agencies to assist with training or help with the transition."

Reading skills can present a problem with learning disabled employees. So instead of written instructions many operations simplify the learning process by using posters with pictures to identify steps to operate machinery such as fryers. McDonald's Corp. says the secret to its success lies in the use of videotapes that correspond to job stations. After watching tapes, handicapped workers go to work with job coaches to master skills.

Also, most handicapped workers know they do not work at full speed. At Eden Express, efficiency methods are taught. How do you position yourself for certain tasks? Which step is taken first? They make up for speed by not wasting steps.

Finally, employers complain that rehab services never contact them about hiring the handicapped. And while vocational services are working on improving their placement systems and improving relations with the business community, Elmont says, "Why should the agencies approach operators? They aren't the ones in the labor market . . . We have a labor crisis. If you wait for everyone to come to you and pick the best person, you may be out of business soon."

—Jeff Weinstein

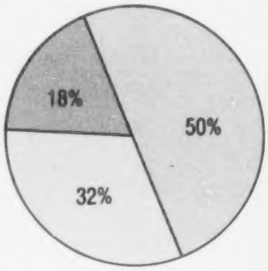
EMPLOYMENT PICTURE

National Restaurant Association data indicates the following ratio of disabled workers entering the foodservice labor force:

□ Retarded and learning disabled

□ Mentally restored

▨ Physically disabled



RESTAURANTS & INSTITUTIONS

ECONOMIC EXPERTS

Stable Regional Growth Ahead

'Boom towns' a risky investment.

Historically, growth in the United States varies from one region to another.

During the 1970s, cities in the South and West, particularly those tied to oil, grew at rates more than three times the average.

Between 1969 and 1979 the U.S. economy created 21.3 million new jobs and grew at a rate of 2.2% each year. The "boom towns" grew rapidly and created many jobs. But the growth was short-lived.

Five out of the top 20 areas that had spectacular growth from 1969-1979 currently are experiencing severe declines. Their average annual rates of employment growth for each business cycle follows:

	'69-'79	'79-'84
Reno, Nev.	7.5%	1.1%
Richland, Wash.	7.0	−1.7
Brazoria, Texas	6.7	0.1
Boise City, Idaho	6.5	1.1
Casper, Wyo.	5.9	−0.8

The boom-town cycle of those areas that are tied to a single industry or to a single natural resource tends to make them risky candidates for investments that require long-run payoffs. Although eating and drinking place sales increased dramatically in some fast-growing cities, many establishments were forced to close when the economies contracted. Capital investment in eating and drinking place plant and equipment at a specific site requires a stable environment in order to be profitable.

In terms of stability, only 16 of the 317 metropolitan areas in the nation have experienced uninterrupted expansion since 1969. These areas consistently have created new jobs and attracted additional population. They have balanced economies that continue to create opportunities year after year, even during severe national recessions. In most of them, the growth would not be considered spectacular, but rather steady and unabated.

Martin K. Holdrich,
Wood & Poole Economics

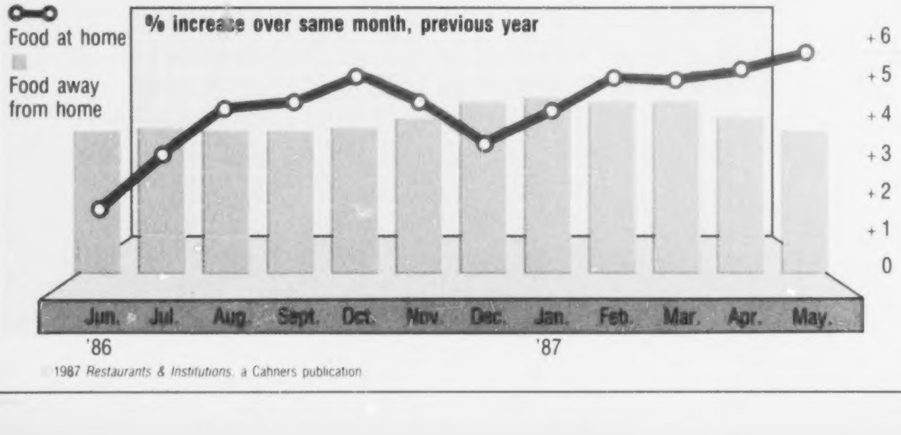
In areas such as these the restaurant owner is unlikely to suddenly experience a severe overabundance of eating and drinking places as a result of an economic collapse. Those searching for stable markets based on diverse economies might well look for lasting consistency rather than fleeting spectacular growth as the country and the economy lead into the next century.

This article was contributed by Martin K. Holdrich, senior economist at Woods & Poole Economics Inc., Washington, D.C.

R&I DATA

CONSUMER PRICE INDEX: RETAIL ADJUSTMENTS

Greater competition for away from home business could account for the latest slowdown in price increases. Higher prices for food at home reflect the current increase in commodity prices compared to steady prices during the same time last year.



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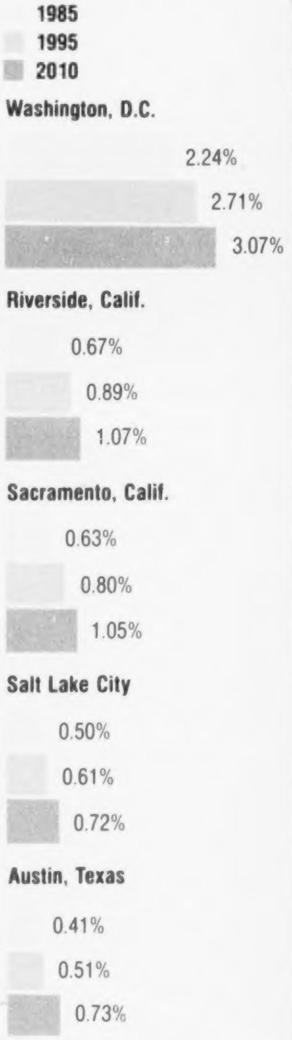
THRIVING & STRIVING

Top metropolitan areas with uninterrupted expansion are listed with an employment forecast (in millions of jobs):



R&I EXCLUSIVE

■ CONVENIENCE STORES: PART II

HOW DO C-STORES MEASURE UP?

Limited menus and self-service allow convenience stores to match and sometimes beat the price and speed of fast-food chains. Assuring uninitiated customers that c-stores sell tasty, wholesome food is the next hurdle.

Although most convenience stores offering foodservice freely admit they are competing with fast-food chains, they are not competing on fast food's terms.

The best of the burger chains offer a limited menu, reasonably priced and of consistent quality. The c-store companies with the biggest foodservice programs do the same thing; in an era when the fast feeders are pumping up service, however, c-stores are operating in a self-service mode.

And because they often are located on the best corners in town, these c-stores can safely bet on a certain number of customers, especially the single, blue-collar males aged 24 to 34 who have long been the c-stores' cornerstone customers.

The smaller convenience store companies are taking a different approach, offering freshly made salads and deli sandwiches in an attempt to grab a broader range of customers. On the question of food quality, some of them aim to surpass, not just match fast food's offerings.

"The name of our game is convenience and price," says Jim Lynch, director of fast foods at National Convenience Stores, Houston, who has held management positions at McDonald's, Wendy's and Burger King. National decided that its products could not match the classic—that is, McDonald's—standard of fast food and still turn a profit.

Heavy self-service proved to be the answer. "We operate on the self-service principle so we can offer the same size drink or burger for a much lower price than the fast-food chains," Lynch says.

Most of National's 1,000 Stop 'N Go stores sell hot dogs, merchandised on a large, brightly lit spit. The hot dogs are served on buns baked at local bakeries; customers add toppings from a condiment bar holding everything from chopped onions to hot chili. Two chili-cheese hot dogs sell for $1.49.

Lynch says the company will not add in-store cooking because the necessary ventilation systems are too expensive and complicated. "Besides, there are some really good precooked products on the market," Lynch says. Those precooked products will anchor a new hot-food program, which will include

C-STORE QUALITY: PERCEPTION AND REALITY

Steve Nicolet, president of Supermarket and Convenience Store Insights, presented a survey of 400 Circle K and Wawa customers at the International Foodservice Manufacturers Association's last COEX meeting.

	Circle K/Wawa	Other outlet
Quality	8.49	7.50
Convenience	9.49	7.47
Service	8.87	7.76
Price	6.88	7.06
Variety	8.08	6.86

Numbers indicate averages of 1 to 10 rankings

	Circle K/Wawa	Other outlet	Burger King	McDonald's
Quality	8.49	7.50	7.65	6.87
Convenience	9.49	7.47	7.43	7.45
Service	8.87	7.76	7.51	7.39
Price	6.88	7.06	7.05	6.92
Variety	8.08	6.86	6.46	6.21

Source: Supermarket and Convenience Store Insights pizza by the slice and hamburgers.

Similarly, Circle K's 3,500 stores run a foodservice program heavy on microwavable burgers, hot dogs and burritos, and correspondingly light on labor. The self-service approach ties in with the conviction of the Phoenix-based company that customers like to "orchestrate" their own meals.

SuperAmerica, based in Bloomington, Minn., has taken a different tack, adding salads and lighter lunch products in hopes of attracting more female customers, says Patty Hohag, foodservice director. "Our base remains the male construction worker, but our target market is women," she says.

Hohag has tried to emphasize quality since joining SuperAmerica a year ago. "I've done a lot of upgrading," she says, noting that the company recently added premium ice cream to its offerings.

SuperAmerica has invested time and money in its in-store cooking programs. Nine of the company's 263 stores cook chicken on site. Ten stores offer soup and fresh sandwiches. The SuperBurger program, offering two frozen, reheated, dress-them-yourself burgers for $1.19, is installed in 25 stores.

While taking the high road with in-store cooking, SuperAmerica also is taking the easy route with SuperFast, a completely self-serve island offering 12 types of soft drinks, ice-cream novelties, self-serve bakery, frozen hamburgers and premade sandwiches.

Busy Bee Food Stores Inc., headquartered in Oneida, N.Y., exemplifies the dual approach to foodservice that many chains may follow in the future. Like other chains offering ready-made, self-serve products, Busy Bee's 27 stores find a market among truck drivers and construction workers who grab frozen hamburgers, pop them in the microwave and eat them on the run.

In addition to the prepared items for takeout, however, the chain operates sit-down operations in 10 stores. In contrast to the doughnuts and microwavable pancakes available for carry-out, these stores offer a complete breakfast program, including eggs, bacon or sausage, and English muffins.

"We make sure we're dealing with quality products" in the sit-down operations, says Bob Seng, president. "We

SIGNATURE SAL
65
65
1.95
65
2.20
2.20
1.60
2.10
2.45
1.30
3.35

National Convenience Store units offer made-to-order deli sandwiches.

Wawa's [illegible] shows c-store [illegible] best.

Because they rely heavily on self-service beverage counters and prepared products that customers heat themselves, c-stores can beat fast-food chains on price.

choose ham that has some taste, that's not 90% water. Bread for our submarine sandwiches is extremely important —we've experimented a lot with rolls to get better quality."

Although Seng concedes that the frozen burgers sold to carryout customers might not measure up to the fast feeders' freshly made product, he says the goals are entirely different in the sit-down operations. There, the chain is trying to serve a product superior to a fast-food burger. "We've found customers will pay $1.50 for a burger with some meat in it, that doesn't taste like a piece of leather," he says.

In effect, Busy Bee is serving premade burgers to customers more interested in saving time than eating a fine meal; at the same time, the chain is bringing in additional customers with the time to sit down and enjoy a deluxe burger. Convenience counts for the first batch of customers; the second is interested in quality.

By all indications, Southland Corp. also plans to harvest both kinds of customers. Promotions such as "two hot dogs for 99 cents" continue to emblazon 7-Eleven storefronts, but the company also is perfecting The Works, a prototype of a full-fledged deli.

A small but growing group of c-store chains are eschewing self-service and pre-prepared foods, opting instead for quality and service as selling points. One of these is Winner's Circle, a successful c-store in Greenwood, Ark., that may soon open more units in Arkansas and Texas. In contrast to the town's fast-food outlets, most of which are drive-thru only, Winner's offers good food, an indoor eating area and a pool room. "Our place is a little fancier than you'd expect in a town of 3,500,"

WHY BUY IT AT A C-STORE?

The survey asked why customers purchase food at convenience stores. In this case, the term "convenience" means location.

Reason	Percentage	Comments
Convenience	83%	"On the way to work"
Good product	38	"Sandwiches freshly made"
Fast service	29	"When you haven't time"
Friendly personnel	10	"Love Emma"
Variety	9	"Better selection"
Good prices	6	"Price is right"

Source: Supermarket and Convenience Store Insights says manager Cliff Pearcy.

Catfish dinners are the hottest seller, but Winner's Circle also offers freshly cooked steak fingers, chicken-fried steak and custom sandwiches. On the theory that the store is incurring the same overhead costs as any fast-food operation, menu prices are set in a comparable way; customers come in for a good meal, not to save a few pennies.

Also at the high end of the scale is Wawa Inc., a 384-unit chain based in Wawa, Pa. Ten years ago, the chain started making sandwiches when managers noticed customers were buying rolls and fillings to make sandwiches for themselves. Two years ago, the company started making takeout salads.

Wawa never intended to compete head-on with the fast feeders, says Frederick Schroeder, vice president of marketing. "We don't want to sell burgers and fries," he stresses. "We want to be a fresh delicatessen operation." Wawa is competing for fast-food dollars, while trying to outperform the fast feeders in food quality.

Even though it does not offer fast-food fare, Wawa operates like a fast-food chain. It does not sell gas, rent videos or display cigarettes. "We don't offer things that bring short-term profit because they detract from the image of a fast-food place." A new Wawa store, designed by Banik-Cumby Inc., Swarthmore, Pa., exemplifies Wawa's desire to look like an upscale fast-food restaurant.

The industry is divided on both the reality and customer perception of c-store food quality. Most followers of c-stores have studies showing that customers favor the non-traditional outlets over traditional fast-food chains.

Convenience and Supermarket Insights, a consulting firm, interviewed more than 400 customers as they left convenience stores. Survey participants said that the selection and variety of c-store food is either excellent or good.

On the question of food quality, however, consumer reaction is less positive. Focus groups run by Russell Stutzman, a consultant based in Ocean Springs, Miss., revealed that many consumers think c-store food is not good food. "They also think the stores aren't clean enough," adds Stutzman.

SuperAmerica's Hohag thinks the negative image of convenience stores carries over from years ago, when most outlets were indeed serving food of questionable quality to a small customer base. "Convenience stores have changed in the past five years," she says. "They've changed as peoples' life styles have changed."

But observers of the fast-food industry say that changing these perceptions will be difficult, in part because c-stores rely so heavily on prepared foods, often made in a central commissary. Hamburgers, for instance, are notoriously difficult to hold without losing quality. "I haven't seen a c-store with a really good hamburger program," says Al Wrisley, professor of hotel and restaurant administration at the University of Massachusetts.

Fred DeLuca, president of Doctors

THE TYPICAL C-STORE CUSTOMER

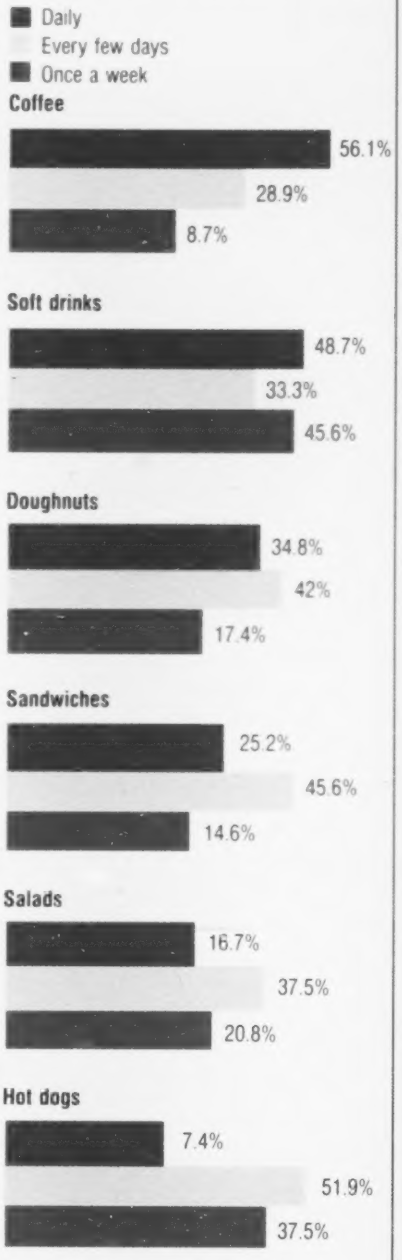
The National Association of Convenience Stores profiles customers in its "Food Service Customers in Convenience Stores" study.

Age: 24-34 (34.5%)
Sex: Male (55.4%)
Marital status: Single (55.4%)
Occupations: Manager (23.7%); Student (14.1%); Utility Worker (13.4%)
Household income: Less than $20,000 a year (34%)
Education: High school or less (40.1%)
Number in household: Three (21.2%)
Average weekly spending for foodservice: $10-$50 (36.9%)
Home microwave oven: Yes (44.4%)
Distance from home to c-store: 5¼ miles (32.9%)

Source: National Association of Convenience Stores. Cahners Bureau of Foodservice Research

CONSUMERS' CHOICE IN C-STORE FOODS

The IFMA survey-takers stopped people coming out of convenience stores and took stock of their food purchases. Those interviewed seem to buy the same items frequently.



Source: Steve Nicolet, Supermarket and Convenience Store Insights

CONVENIENCE STORES

Studies of food-handling practices in c-stores suggest a need for stronger foodservice training programs for both managers and employees.

Associates, the Subway Sandwiches franchisor, agrees. "They just can't offer the same quality as a chain concentrating on burgers or chicken. For something simple like coffee, it's certainly easier to go to a 7-Eleven, but to get any kind of quality in a burger, I'd go to a McDonald's," he says.

Busy Bee's Seng, however, sees customers willing to sacrifice food quality for convenience. "Our sandwiches may not be as good as a fresh product put out by a national fast-food chain. But the on-the-go customer who's eating fast food is willing to make some sacrifices in quality for the sake of convenience," he says.

Similarly, speedy service is more important than freshness of product to Dairy Mart's takeout customers. "If someone wants a specific kind of sandwich, we'll try to comply, but most would rather choose among those in the deli case—they want to be in and out," says Larry Handler, president of the 700-store chain based in Enfield, Conn.

C-stores also face the challenge of maintaining high sanitation standards. Here the issues are more clear cut than in the quality-vs.-convenience dilemma, for everyone wants safe food.

A study just completed by the Department of Food Science and Human Nutrition at Michigan State University suggests strongly that c-store chains should improve their sanitation procedures. The study showed abnormally high bacterial counts, ranging from 1 million per gram to more than 245 million per gram, in roast beef sandwich samples collected from six c-stores in Lansing, Mich. (The bacteria grow rapidly between the temperatures of 45F and 100F, in the presence of oxygen.)

Those levels are far above the 100,000 per gram count considered normal for food that is safe to eat, according to Carol Sawyer, who directed the study. Although not all bacteria in the counts are necessarily harmful to people, a specific pathogen called *Staphylococcus aureus* was isolated in 61% of the samples.

Neglecting to monitor times and temperatures of food during receiving and assembly caused the high bacterial counts. Cross-contamination (such as multipurpose use of sinks for hands and equipment), inadequate heating of food, and failure of staff to wash their hands before handling food were also to blame.

Only 51% of the c-store employees in the Michigan State University study had been trained in safe food-handling techniques, although 88% dealt with unwrapped food in their jobs. Both hourly employees and managers scored poorly on knowledge of safe holding temperatures in a food-safety test.

Studies such as this suggest a need for better training programs in foodservice technology for c-store personnel. Some chains, however, are already sensitive to the need for cleanliness. Mike McDermott, events marketing manager at Southland Corp., says sanitation training ranks high on Southland's list of priorities. He cites the company's Midwest division with pride; training and procedures developed for the fresh deli sandwich program there have been incorporated into programs of the U.S. Department of Agriculture.

In the Twin Cities, health departments are beginning to impose stricter codes on c-stores, says Patty Hohag of SuperAmerica. "Shelving anywhere near the foodservice package has to be stainless steel," she notes. And different inspectors demand different standards. "There's some confusion, because the health department is trying to figure out what constitutes a restaurant, and which codes apply," Hohag says.

Like everyone in the fast-food industry, c-store companies are coping with the labor problem. Where prepared food and self-service prevails, management has been fairly successful in holding down personnel levels. Arco's am/pm mini markets, for example, use only one employee to serve hot items; a McDonald's kitchen uses eight or nine employees. Because c-stores are subject to fewer rush hours and slack periods than the average fast-food store, they

FRESH BREWED
Folgers
SERVED HERE!
TRASH

Circle K's self-serve beverage center (above) anchors its foodservice program. Bakery (left) is featured in SuperAmerica's SuperFast centers.

are able to manage with smaller staffs.

Busy Bee has implemented a fresh sandwich program with little addition of personnel. The chain's overall store costs run only 12.5%, including labor, compared to an industry average of 12.9%. Sandwich ingredients are precut and the bar configuration allows a well-trained worker to make a sandwich in a minute or less.

But some experts think c-stores soon will be forced to add staff in order to provide the level of quality and service customers are demanding. "The foodservice industry runs a higher percentage of labor to sales than c-stores are used to—they'll have to learn to accept that reality," says Coney Elliott, a San Angelo, Texas-based consultant.

Attention to food quality, sanitation and service will be for naught if the c-stores fail the last and perhaps greatest challenge: marketing. Wawa projects a clear message. "All our advertising promotes freshness. We're rather single-minded," says Schroeder. Wawa is the exception, however. Most c-store companies are intent on marketing gasoline, videos and other products along with food. The price they pay, in trying to be all things to all people, is a some-

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COMING ATTRACTIONS ON C-STORE MENUS

Of the 115 c-store operators interviewed, 37.4% said they had not decided what to add to the menu this year; 8.7% would not comment; and 5.2% said they are constantly updating their menus.

Food to be added	%
Pizza	14.8%
Chicken	7.8
Sandwiches	7.0
Hamburgers	5.2
Bakery program	4.3
Hot dogs	4.3
Nachos	2.6
Deli	2.6
Cold salads, pasta salads	2.6
Hot foods	1.7
Breakfast sandwiches	1.7
Biscuits	1.7

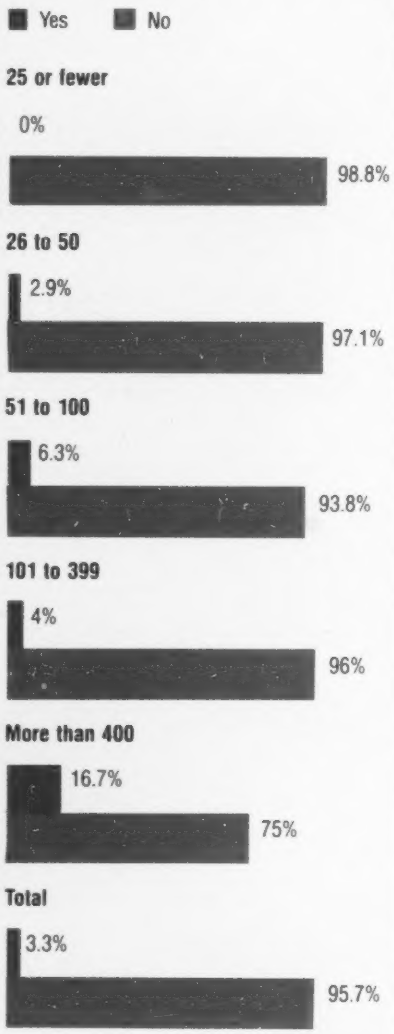
Source: Cahners Bureau of Foodservice Research

CONVENIENCE STORES

C-STORES WITH LINKS TO FAST-FOOD CHAINS

Although chain-store/fast-food combinations have been making headlines, most c-store operators indicated they have no deals made with the fast feeders.

(No. of stores in chain)



Source: Cahners Bureau of Foodservice Research

C-stores, with an abundance of locations, offer growth possibilities for chains agreeing to join forces.

what fuzzy image.

This handicap may slow the c-store industry's push for a larger fast-food market share. As Stutzman says: "In positioning themselves to do a first-class job in foodservice, the c-stores' greatest struggle will be to gain a unique market identity."

Competition may be the name of the game, but some c-store and fast-food chains are trying to find out whether cooperation is better.

In a joint agreement, the c-store company gains access to expertise in food preparation, sanitation and other aspects of running a fast-food operation, plus the reputation of the fast-food chain's products. The fast-food partner gains the opportunity to expand without substantial capital investments.

The 716-unit Pizza Inn chain, based in Dallas, agreed recently to open scaled-down operations in Circle K stores on a trial basis. The 250-square-foot Pizza Inn Express shops will offer takeout and home delivery. The benefits for both are clear: Circle K learns the pizza business, and Pizza Inn gains a distribution network of about 4,000 outlets.

Perhaps the most fully developed test agreement is between Church's Fried Chicken, with 1,532 units, and the 7,835-unit Southland Corp.

Under the agreement, Southland becomes a franchisee of Church's, at least for the purpose of selling chicken. Cut and marinated at a Church's plant, the chicken arrives at the 7-Eleven stores, ready to be cooked and sold. The fact that Church's is accustomed to delivering a product from a retail space as small as 400 square feet has been an advantage in working with a c-store chain with little space to spare for restaurant operations.

"The arrangement has been win/win for both parties," says George Samaras, vice president of franchising for Church's. The program is now operating in five stores—three in New Orleans and two in the Tampa/St. Petersburg, Fla. area—and a sixth is about to open. Samaras expects a decision on whether to move beyond the testing phase sometime in the next few months.

Dunkin' Donuts has devised a mutually beneficial deal with several c-store companies. One of these is Dairy Mart Convenience Stores, which uses the Dunkin' Donuts logo together with a display case agreed upon by the two companies. The fresh doughnuts are delivered twice daily to each store. "We're pleased with the results," says Larry Handler, Dairy Mart president. "Using the two names together can only enhance our image."

White Castle System Inc., the 222-store chain based in Columbus, Ohio, has come up with a slightly different twist on the joint venture idea: freezing and packaging its popular hamburgers for distribution to c-stores and supermarkets. The twin packs, containing two hamburgers each, have particularly strong appeal.

Although joint agreements may be an exciting new frontier for those involved in them, other companies are watching these experiments somewhat warily.

SuperAmerica, for example, has little interest in this approach. "We

continued on page 57

7-Eleven and Hardee's are testing combination units.

CONVENIENCE STORES

> Chains often rework procedures and create miniature versions of concepts to fit into the c-store format.

thought our own concept was the way to go," says Hohag.

DeLuca of Subway Sandwiches also responds in a lukewarm manner. "When we open a store, we want it to stay open. There might be some question about that in a location owned by someone else." He would, however, consider locating an operation side by side with a c-store, using a common pass-through so that each kept its own identity.

Jim Lynch of National Convenience Stores is leery about working too closely with another franchisor. "You could get pulled into bickering between a fast-food company and its franchisees," he points out, if the joint agreement relaxed normal territorial boundaries, allowing a franchisee not located in a c-store to locate near one that was.

The fear that the c-store company will take its fast-food partner's knowledge and run inevitably lies near the surface. Church's had some qualms along these lines, but Southland's retailing history was reassuring. "Branded products are a way of life for them. I don't think they'll come up with a generic brand of chicken, any more than they would for gasoline or chewing gum," says Samaras.

Even Southland seems a little tentative about the joint agreements. McDermott declined to predict the outcome of the company's test programs with Church's and Hardee's. "I think it's premature to draw any conclusions about either one," he says.

The decision on whether to form such a partnership may be more product-driven than anything else. Chicken is a natural, says Samaras, because it is already well accepted as a carryout item. Hamburgers, in general, have less holding power than chicken; pizza holds up well but requires more time to cook.

Despite the obstacles, Samaras thinks joint agreements will proliferate in the future. As he sums it up, "Our competitors, Kentucky Fried Chicken and Popeyes, are just watching. It's a risk, but we're glad to be in the arena, fighting the battles and learning the lessons."

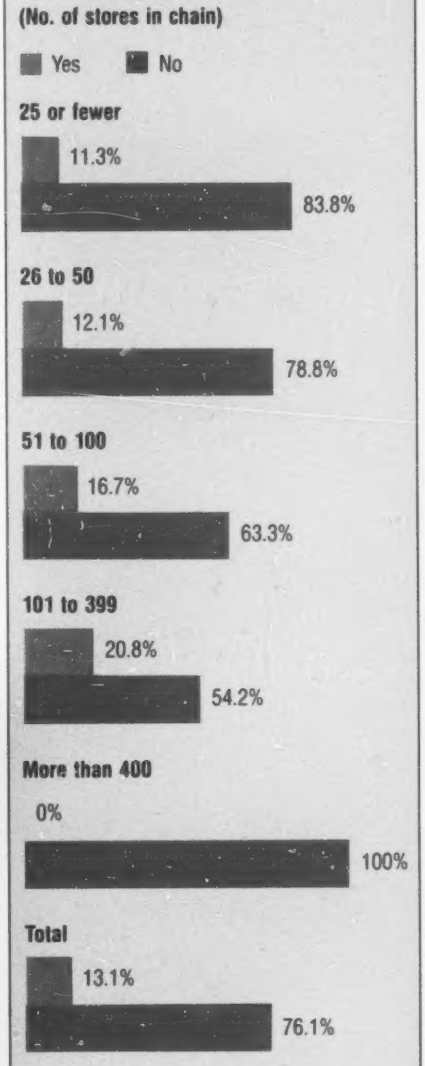
—Lisa Bertagnoli
—Toni Lydecker

ELEVEN
CHURCH'S FRIED CHICKEN IS COOKIN' HERE
COKE
$1.69
2 PACK
BEER
$5.79

Church's is preparing its marinated chicken for sale at 7-Eleven stores.

JOINT VENTURES: WHAT LIES AHEAD?

Of the c-store chains not in joint ventures with fast-food chains, 13.1% said they plan to make such a deal in the future.



Source: Cahners Bureau of Foodservice Research

FOOD PRICE UPDATE

Tight, but Unsteady Conditions in Dairy Markets

Milk production is expected to be 1% to 3% below a year ago.

Milk production during the first quarter of 1987 fell 3.6% from a year earlier. This decline, along with the slightly larger one of last autumn, will be the largest year-to-year drop caused by the Dairy Termination Program (DTP).

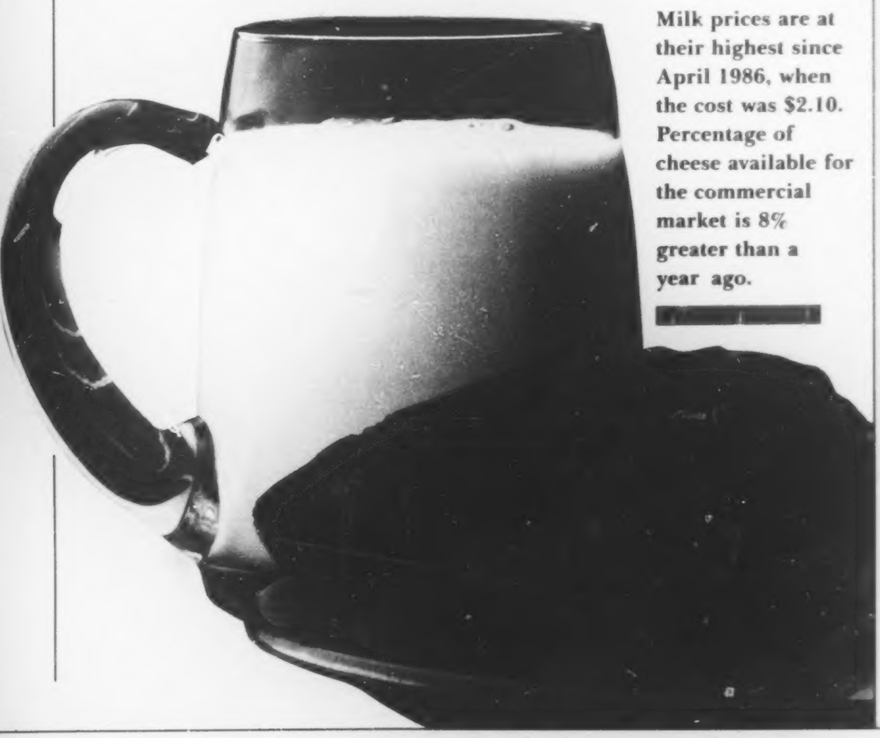
The DTP gives dairy producers the opportunity to terminate milk production and dispose of their whole herd by selling for slaughter or export all the female dairy cattle in which they have a financial interest. That producer then is barred from engaging in the production of milk for commercial use for five years.

This program, which began in April 1986 and will run through September 1987, was necessitated by the surplus of milk supplies during the past five to six years. The excess milk was a burden to both the farmers and to the federal government, which purchases surplus commodities in order to maintain a floor price to help stabilize the farm economy.

In other dairy news, production of cheese that moves to commercial markets is 8% greater than one year ago, according to *Cheese Marketing News*. Cheesemakers, through April, were surpassing last year's record production of other-than-American cheese, while American production lags behind last year by about 7%.

Production of mozzarella in 1987, according to the USDA's April *Dairy Product Production* report, is 10% greater than last year.

Year-to-date figures show that production of brick and Muenster, blue and other types is above last year. Swiss cheese production, for the first four months of 1987, is off 3% compared to the same period in 1986. —*K.M.*



Milk prices are at their highest since April 1986, when the cost was $2.10. Percentage of cheese available for the commercial market is 8% greater than a year ago.

[redacted]

R&I DATA

FOOD COST INDEX: UPS AND DOWNS, HIGHS AND LOWS

The August market-basket total of $105.11 is 2% lower than the last report in June. The price of hamburger has averaged $1.24 a pound for the past year. The cost of a gallon of milk, at $1.91, is the highest it has been since April 1986 when it was at $2.10 a gallon. The cost of frozen green beans continues on a roller coaster ride, down $1.34 from June and $2.11 from May, but up $2 from January. The price for a case of peas, at less than $10, is at its lowest in at least two years.

		% change	
	8/87	6/87	8/86
Hamburger (lb. 85% lean)	$1.24	0	6
Chicken (lb. cut for frying)	.78	-1	-12
N.Y. strip steak (lb./avg.)	3.59	5	12
Bread (Pullman loaf)	.78	7	-4
Lettuce (iceberg/head)	.49	2	-4
French fries (30 lb.)	11.41	-1	-3
Tomatoes (lb.)	.53	4	-5
Milk (gal.)	1.91	14	9
Eggs (doz.)	.64	-6	-4
Peaches (case/#10)	17.56	-4	3
Peas (case/#10)	9.89	-14	-23
Frozen beans (30 lb.)	14.20	-9	-8
Ice cream (vanilla/gal.)	3.58	32	13
Butter (lb.)	1.53	3	—
Cheddar cheese (lb.)	1.58	-3	—
Sugar (100 lb.)	30.77	-1	5
Coffee (lb.)	2.98	11	-11
Breaded fish portions (lb.)	1.65	-8	41

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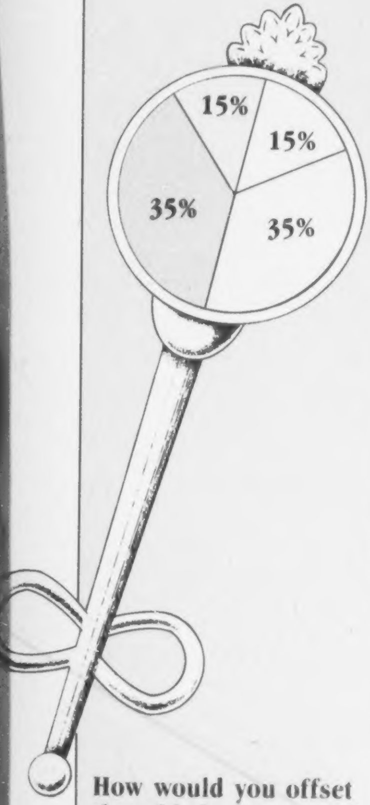

How would you offset the added cost created by a mandatory leave bill?

- ☐ **Reduce or freeze wages**
- ☐ **Reduce other benefits**
- ☐ **Reduce staff**
- ☐ **Do nothing**

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■ **OPERATOR OUTLOOK**

Parental Leave Bill Excessive?

Operators convinced they can handle leaves of absence on their own.

"Cradle to grave protection is too much to expect from the business community."

"When a women has a choice of working or having a family, there shouldn't be a provision for leave."

"In 1987, I've spent 60% of my time dealing with bureaucracy and only 40% running the restaurant."

Those are a few of the extreme responses from independent operators who were asked what they thought of parental and medical leave legislation currently being considered in Congress.

Senate Bill 249 calls for employers to provide up to 18 weeks of parental leave during a two-year period for birth or adoption of a child, or the serious illness of a child or parent. It also mandates 26 weeks of medical leave yearly for employees' own serious health conditions. In both cases, the employer must provide continuing health benefits and guarantee the employee the same or equivalant job upon return.

Almost unanimously, operators are against passage of this bill and the National Restaurant Association is lobbying to defeat it. Proponents of the bill claim the changing demographics of the work force have been ignored, adversely affecting child and family care.

Operators say, however, they have been able to negotiate requests for leave on their own.

Carole Jean Goldberg of the Rib Cafe in Louisville, Ky., says she negotiates leave based on tenure. For management personnel with the company for three years, she offers six weeks leave for pregnancy, four of which are paid. For hourly employees, she offers normal paid vacation time and four weeks unpaid leave.

Rick Earl, manager of Oyster Bars of Sarasota Inc., says, "We always allow women the opportunity to come back after having a child. We give three weeks sick pay and three weeks paid vacation. About 50% will return under this plan."

Because the legislation allows employees to return to their job when ready, operators foresee a problem when it comes to management personnel. While waiters and waitresses are easier to absorb due to the constant turnover, hiring a manager as a temporary replacement is more complicated.

"It's hard for smaller operators to lose key employees and hire people who can't be kept," says Philip Deale of Philip's Supper House in Las Vegas, Nev. "It makes it hard to gain honesty, integrity and, especially, loyalty, because you're not giving any."

"In the long run," says one Atlanta restaurateur, "I'd make sure management jobs weren't held by women who could eventually cost me money, whereas in the past I took the best person."

—J.W.

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Real Dairy Discoveries, a service of American Dairy Association, follows page 96.

R&I REPORT

THE COST OF DOING BUSIN

Know how big your portions are and make sure menu prices are commensurate with those portion sizes.

FINANCE

Just as little cost increments can kill an operation, the savings generated from constant balance-sheet monitoring can save a business from going under.

With recent jumps in insurance and energy costs, it is no longer possible to take a simplistic view of costs, considering only food and labor. A tight lid must be kept on all costs.

There is a wide range of measures to keep food costs in line, which can shave a few points off the cost of doing business.

Adjusting the menu mix to reflect wholesale price fluctuations is one good way to manage costs. Thomas Morgan of Sterling Research Corp. in Arlington Heights, Ill., a specialist in analyzing and forecasting commodity supplies, demand and prices, recommends operators leave room on their menus for price increases for beef items in early 1988. Morgan says rib-eye, loin, round and chuck cuts will approach record levels in the first six months of 1988 because of tighter cattle numbers.

Poultry prices have come down substantially and will go even lower into early 1988, and maybe into late next year, says Morgan. Turkey is cheaper as production has increased 20%. Pork prices have been high, but should be halved within a year and a half as production increases.

Food waste is listed by many cost experts as a big source of hidden costs. Sarah Villeneuve, senior consultant with Pannell Kerr Forster, says 85% to 90% of operators do not make full use of food.

"Tomato ends that could be used for stock are thrown out," says Villeneuve. "Lemon skins are wasted when they could be used to soak mops. Bread that ends up in the garbage could be used for croutons or bread pudding.

"If raising menu prices is a problem, go through the garbage and look at what is being wasted and who is responsible," she says. "A typical operation with 35% food costs is losing nearly $3 in revenue for every dollar of food thrown out."

Competitive bidding is another way to cut food costs and operators need to dismiss the myth that it only works for big-volume businesses, says Mark Eble, manager of the restaurant consulting group at Laventhol & Horwath.

"I have a deli account that does about $350,000 a year in sales," says Eble. "The owner has reduced food costs by 12%, half due to competitive bidding, half by reducing waste."

Eble added that the deli owner found his best deal through an active search rather than waiting for the right purveyor to knock on his door. He says the purveyors with low prices rely on big customers instead of sending out a large sales staff to pound the pavement. But these purveyors will be happy to deal with smaller independents, says Eble, especially if they are close by.

Eble also pointed to operators' lack of creativity and unnecessary use of costly products.

"My deli account was cooking with the fanciest corned beef he could find, thinking it would translate into better quality product for his customer," says Eble. "With a little work he found he could buy a lower cost product, prepare and trim it himself and save almost 30% on his per pound cost."

William Eaton, vice president with Cini-Little consulting firm in Potomac, Md., sees food costs jumping as operators increasingly elect to buy more non-site labor. Operators are trying to lower labor costs by buying more prepared foods. But Eaton says too many operators are pulling the labor

ESS

Operating costs are going to get worse before they get better, so keeping close tabs on every aspect of business can ensure your restaurant's survival.

from too few products. "You have to eliminate real labor hours by reducing a part-time employee's day by an hour or a full-time employee's week by a day," says Eaton.

Eaton also recommends reducing inventory accumulation. "Oversized storage areas are encouraging operators to overbuy," he says.

Also, many operations do not weigh products or check for quality, says industry consultant Malcolm Knapp. "It's incredible how much inferior product is wasted because the chef refuses to use it," he says. "Having firm, clear policies on receiving is a tremendous benefit to costs."

In many regions of the country, the cost of labor remains the biggest bugaboo. All the hidden costs that go with high turnover are significantly affecting the bottom line. The best savings tips in this area deal with motivation and retention practices, particularly with managers.

"Treat your managers as intelligent human beings and have them contribute to the nature of the environment rather than acting as caretakers," says Eble.

People will respond to challenge, but Eble warns, "Don't offer challenge unless they deserve it. Managers often have a guilt complex and offer better jobs just to make employees happy. That can be counterproductive."

Operators have become more sensitive about energy consumption since the big cost increases in the '70s. It is hard to find a restaurant without a double door today. Since the curve of rising energy costs has flattened, making a case for replacing an old equipment system with a modern, more efficient package is harder to do. But replacing equipment made at least 15 years ago can cut energy costs about 50%, says Eble. He says operators should examine these costs each year and learn to take a long-term view of energy costs and plan for obsolescence. Also, a fund should be set aside for replacement and repair. Eble recommends 2% to 3% of gross a year.

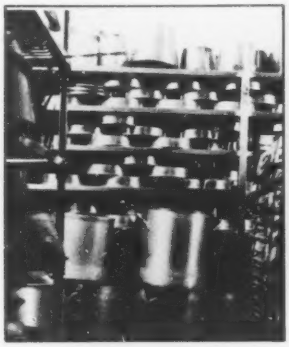
Knapp points out that most operators overuse their air conditioning systems. "If it's 90 degrees outside, you don't want it 68 degrees inside. It's too big a shock to the body," he says.

Energy maintenance is also important, says Knapp. Are your filters clean? And if windows are not properly caulked or insulated, it could cost 30% more to heat the structure, he says.

Whereas gas was in jeopardy 10 years ago, it is now holding its own and continues to capture its market better than electric utilities, according to Eaton.

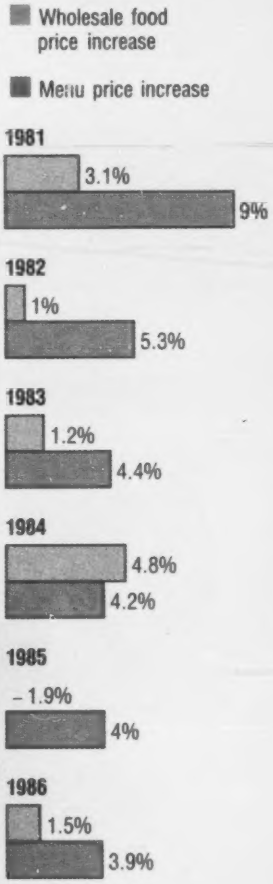
Of course everyone has been hit by rising insurance premiums, especially liquor liability. Even operators with good claim records have seen their prices double. Although the big increases appear to have subsided, the only compensation for high premiums is to keep a tight lid on everything else.

—***Jeff Weinstein***



A LITTLE RELIEF

Menu prices in the '80s have grown much more rapidly than wholesale food prices helping to offset the rapidly growing costs of labor and insurance.



Source: U.S. Bureau of Labor Statistics

R&I DATA

FOOD COST INDEX: COFFEE PRICES LOW, CHICKEN AND PEAS UP

Market-basket total for September is $105.71, up only 60 cents from August. Of 18 food commodity items, only a third showed any price decrease from a month ago. This is only the third time since April 1986 that the price of a pound of tomatoes has reached 60 cents. The cost of coffee, at $2.63 per pound, is at its lowest since slightly more than a year ago.

		% change	
	9/87	8/87	9/86
Hamburger (lb. 85% lean)	$1.27	2	5
Chicken (lb. cut for frying)	.96	23	10
N.Y. strip steak (lb./avg.)	3.84	7	4
Bread (Pullman loaf)	.78	0	1
Lettuce (iceberg/head)	.50	2	4
French fries (30 lb.)	11.32	−1	−4
Tomatoes (lb.)	.60	13	7
Milk (gal.)	1.85	−3	7
Eggs (doz.)	.65	2	3
Peaches (case/#10)	18.08	3	3
Peas (case/#10)	11.88	20	15
Frozen beans (30 lb.)	15.15	7	6
Ice cream (vanilla/gal.)	3.39	−5	−32
Butter (lb)	1.59	4	—
Cheddar cheese (lb.)	1.57	−1	—
Sugar (100 lb.)	27.96	−9	4
Coffee (lb.)	2.63	−12	−12
Breaded fish portions (lb.)	1.69	12	15

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FOOD PRICE UPDATE

Pork Prices Dip from Record High in 1986

Also, ice cream is tops with teens and buffalo cheese is on the horizon.

Retail pork prices for the first quarter of 1987 declined about 4% from record high levels in the fourth quarter of 1986, according to an article in *Pork Report*. The prices in January-March, however, were the highest on record for this period, according to the U.S. Department of Agriculture, up about 10% above the same period in 1986. Pork production was down less than 1%.

Also in the first quarter, poultry production was estimated to be up about 6%, and beef production was near year earlier levels.

Barring a severe drought, probabilities are high for cattle slaughter to be down 5% to 10% through the remainder of 1987 compared to 1986. Poultry production on the other hand, is expected to continue much above year-earlier levels unless feed prices rise unexpectedly.

In Other News . . . According to *The Food World of Teen-agers*, teen-agers 16 to 19 years old spend 60% more on food purchased away from home than they did five years ago. Teen-agers 13 to 15 years old spend 30% more.

A big share of the money goes for soft drinks and snacks. But the top 10 favorites include ice cream, homemade cookies, french fries, pizza, hamburgers and corn-on-the-cob. Teen-agers like doughnuts for breakfast, but list croissants and bagels as preferred breakfast foods, too. For lunch, they like hamburgers and chicken noodle soup. At dinner, pizza is the favorite, with steak running a close second.

. . . Fresh buffalo cheese may soon tickle the palates of the sophisticated. The first step, however, was the sale of fresh water buffalo meat in Rome, Ga.

And the next step will be milking buffalo herds to make genuine buffalo mozzarella. The herd producing meat and hoped-for milk was developed at Berry College, near Rome. Other herds at the University of Florida and Louisiana can produce soon.

—Kathleen Marshall

Pork prices reached record highs late in 1986, reflecting increased demand.

ACTION EXPRESS

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R&I REPORT

■ **CITY BEAT**

Houston Has But One Way to Go

Restaurateurs believe the Texas economy has hit bottom and the hard times will soon give way to renewed growth.

A ray of hope has pierced Houston's economy.

During the late 1970s and early 1980s, when the oil business was booming, Houston was touted as the place to be.

The restaurant industry in the area exhibited annual growth in the neighborhood of 15% from the mid-1970s until 1983 when the price of oil started to drop dramatically, according to Glen Rax of the Houston Restaurant Association.

"What really created the majority of problems for restaurants in the Houston area was that each year growth was anticipated to be as good or better than the previous historical growth," Rax says. "Operators spent a lot of money and incurred debt betting on the future. When the oil bust came, many were put in a real bind to cover debt and overhead."

During the good years, there was an average of 800 customers per restaurant location. But eager restaurateurs overbuilt the market, and when unemployed oil workers began to leave the state, that number dropped to 300 by 1985.

After several years of doom and gloom, however, the attitude of many of the city's restaurateurs has shifted to one of guarded optimism. The sentiment voiced most often: "Things just can't get any worse."

"This is the first year in the past three that we have not had a tremendous downslide," says Bob Borochoff, who owns three independent operations in the Houston area. "In fact, in the past three or four months, we've shown increases, which is a welcome and unusual development. We're definitely in a flat period, and there's a general opinion that we're going to see an upswing soon."

Borochoff says while there is no consensus as to what the future holds, Houston has adjusted to its less prosperous economic condition and demand is finally meeting supply.

"For the first time in years, I have great optimism," Borochoff continues. "I don't expect a boom, but it's nice not to be sliding downhill. All the local economists are telling us that we've hit bottom and it's just a matter of time until we start going up again. We're all hopeful for that."

Duncan McCoy is a Houston restaurateur who recently purchased the five-unit (three in the Houston area) Texas Tumbleweed chain out of bankruptcy. He says the picture already is brighter for the company. This is the result of both the improved local economy and his decision to diversify the menu, adding seafood, chicken and other items to the strictly steak menu.

"We're already making money, and we've had a major turnaround here in the employees' attitude," McCoy says. He points out that the company's bankruptcy had a depressing effect on employees, who were unsure how much longer they would have jobs. Under the new ownership, employees have a new lease on life, which McCoy feels is definitely helping increase sales.

"I do believe we're on the upswing," he says with quiet optimism. "In fact, I own another restaurant where we're about 30% over and above what we did last year and this restaurant is right in the very dead middle of an oil-related area.

"We're so oil-related that everyone who comes into my restaurant works for a company that produces something for the oil business," he notes. "All of them are showing an increase. Everybody's up."

While oil is still the stronghold of the Houston economy, the Chamber of Commerce reports businesses connected with the aerospace industry and biotechnology are currently being wooed with the hope of revitalizing the local economy.

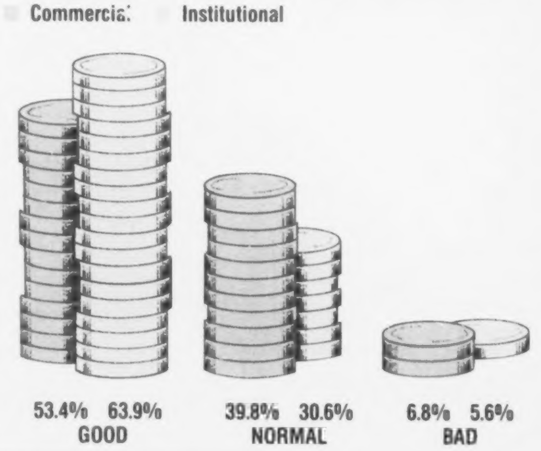
Such efforts take on added importance in light of the fact that the unemployment rate is 10.5% and has been that high for some time. But while newcomers are no longer flocking to Houston, residents are not fleeing either. The Chamber has noted no drastic change in the population.

—Robert Keane

■ **R&I DATA**

SALES NOW: AN INSTITUTIONAL SUCCESS

Institutional operators reporting good sales increased from 43% in May to 63.9% in the June Business Confidence Index. Employee feeders made the biggest leap, jumping from 25% in May to 68.8% in June. Colleges and universities reporting strong sales increased 50% between May and June. On the commercial side, confidence returned to normal as operators reporting good sales dipped from 61.4% to 53.4%.



1987 *Restaurants & Institutions,* a Cahners publication

■ CHAINS

1987 GROWTH CHAINS

By Lisa Bertagnoli, Brad Stratton, Monica Kass and John Sheehan

R&I presents the 1987 Growth Chains, poised for growth through carefully executed company plans or with the help of franchisees.

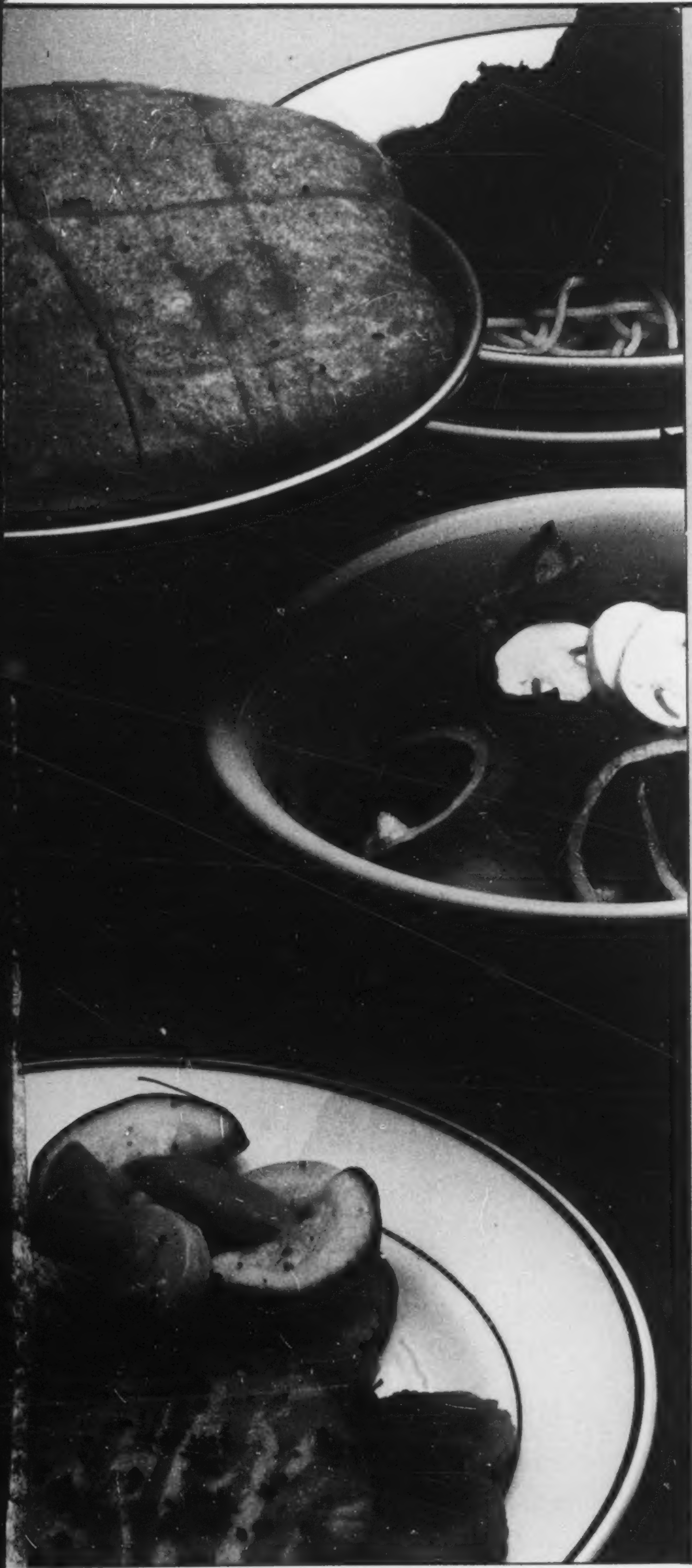
This batch of 53 companies, chosen from scores of candidates, is smaller than those of previous years. The impact of tax reform, as well as poor economic conditions in parts of the country, resulted in fewer business startups. A total of 13,375 new eating and drinking places opened in 1986, 2.7% fewer than in 1985.

Large companies took advantage of the situation to look more closely at marketing strategies, a move that resulted in spin-offs and brand-new concepts. Grisanti's, a casual Italian concept recently bought by Imasco, caters to adults who want Italian—not pizza—in sophisticated yet casual surroundings. Bonanza franchisor USACafes launched Ribby's after studies proved barbecue and takeout are on the brink of being big. And S&A Restaurant Corp. opened Key West, its funky Caribbean seafood concept.

Drive-thrus that serve Italian and Mexican food, storefronts selling only *pommes frites* and coffee shops offering java by the pound or cup prove that through ups and downs, the industry continues to innovate.

The following are abbreviations used in Growth Chains. PC: parent company. MM: millions. n/a: not available

RESTAURANTS & INSTITUTIONS



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1987 GROWTH CHAINS

PIZZA/ITALIAN

American's desire for Italian food and pizza continues to grow, as does the number of chains looking to put pasta, pesto, Parmesan, provolone and pepperoni onto the palates of the people.

ALBERT WOULD BE PROUD

Grisanti Inc., Louisville, Ky. PC: Imasco USA. Projected 1987 sales: n/a. 9 units 1/1/88. Michael Grisanti, president, CEO.

The Grisanti chain is poised to triple in size following the recent acquisition of 19 Casa Lupita restaurants from Ponderosa Inc.

Albert and Ferd Grisanti opened Casa Grisanti in 1959. The brothers drew upon what they had learned from their parents, both natives of Northwest Italy. Ferd left the business, but Michael and Don, Albert's sons, joined it and redesigned both the interior and the menu of the original restaurant. Sadly, Albert died before the transition was complete. Additional restaurants were opened, honors were won (including the *Restaurants & Institutions* Ivy Award) and in 1984, the company was merged into Imasco USA.

The acquisition combined an established Northern Italian restaurant concept with enough corporate power to create a chain with the potential to be the first national Italian chain. Michael Grisanti says the Grisanti chain will not lose sight of his family's original intentions: to keep the restaurants family-oriented, medium-priced and casual.

LORD OF THE MUNCH

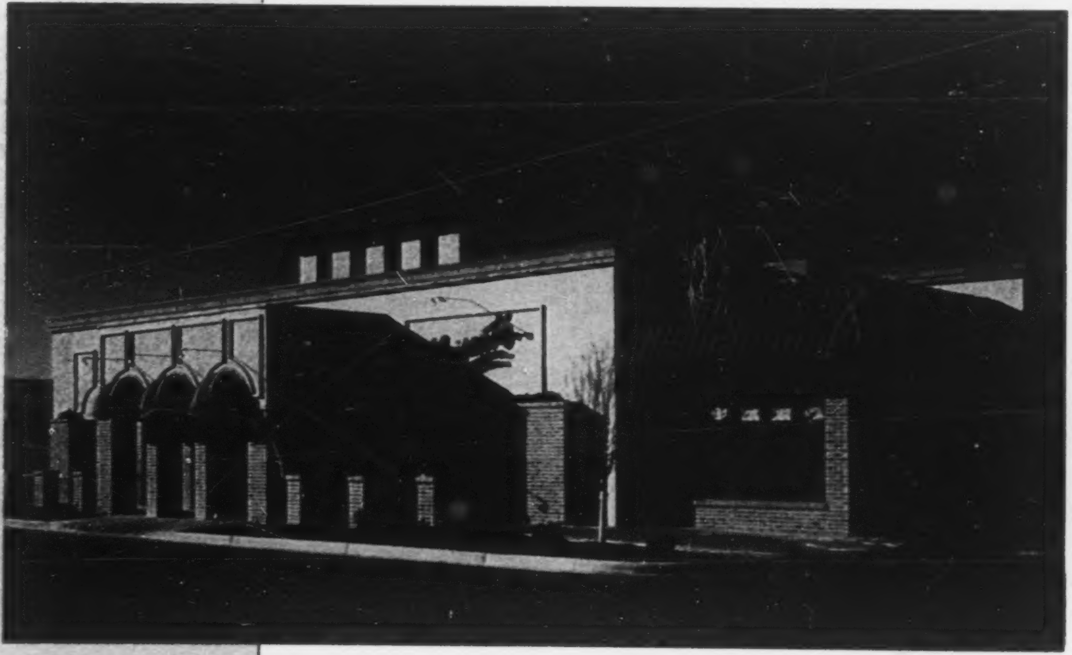
Lord Munchies, Gainesville, Fla. PC: Lord M. Projected 1987 sales: $3.8MM. 10 units 1/1/88. Earl Poucher, president.

Working with the idea that making a great pizza is important, but a good business system is crucial, Earl Poucher bought Lord M Corp. in 1985 and set about making major changes. For starters, he totally changed the restaurant decor, logo and product. (He invented the chain's popular golden honey-flavored crust, which is sweeter and lighter than most pizza crusts.) He then developed a computer system to handle daily reports at each location, streamlining paperwork, and set up a commissary system to handle vegetable and dough production.

Poucher's system has attracted several major franchisees. Southland Foods has total franchise rights for Tennessee and expects to have 15 stores operating by mid-1988. Southeast Pizza has franchise rights to 30 cities in Southeast Alabama and Southwest Georgia and plans to have 20 stores built in the next five years.

Gainesville, Fla., is the company's best-covered market area, featuring 24-hour delivery and a breakfast pizza.

Grisanti's, Louisville, Ky.



THIS CONCEPT ISN'T THE PITS

Pizza Pit Ltd., Madison, Wis. Projected 1987 sales: $12MM. 24 units 1/1/88. Terry Voice, president.

President Terry Voice knows the value of good public relations in the community. Each year for the past eight his chain has trained volunteers to take over operations in the company's hometown of Madison, Wis., for one night for an event known as Neighborhood Night. The company then donates 35% of revenues toward United Neighborhood Centers. The event has generated $31,000 in donations, including more than $5,300 in 1986, since it began.

Such goodwill helps the 18-year-old chain that promises to deliver its pizza, sandwiches and salads in 30 minutes or less.

Voice says the company will open about six restaurants during 1987 and looks to add as many as five during 1988. Franchising began in 1983 and currently accounts for six of the operation's units.

The average unit's volume is at a healthy $525,000, nearly $90,000 more than the national average for pizza restaurants. There is limited seating at some restaurants because the company focuses on takeout and delivery.

PLAYING FOR NO. 2 POSITION

CheckerBoard International, Minneapolis. Projected 1987 sales: $2MM. 25 units 1/1/88. Robert Zorb, president; David Fluke, CEO.

Big plans are on this CheckerBoard. The company doesn't plan to be the No. 1 pizza delivery chain, just No. 2. Its short-term goal is to be one of the top 20 pizza chains within a year. To accomplish this, CheckerBoard says it will open four restaurants a month through the end of the year and five a month through May 1988. It is hoped that 50 will be opened for all of 1988 and 450 by 1990.

At the heart of development is the company's pizza, which is loaded with toppings and features quality ingredients. Fast service is promised, with the industry-standard 30 minute delivery time guaranteed.

To help CheckerBoard enter the national picture, in May the company signed on David Fluke as chief executive officer. He brings to the company exactly the experience it desires: Fluke was Midwest regional director for Domino's Pizza Inc. for the previous two years.

CheckerBoard has been a publicly traded company since its inception in September 1986. The average unit volume has hit $333,000, and the average check is at $10. Five of the 11 units open by mid-summer were company-owned.

JOHNNY'S WANTS ITS SHARE

Johnny's Pizza, West Monroe, La. Projected 1987 sales: $16MM. 45 units 1/1/88. John Huntsman, chairman, president; Bernie Lear, senior vice president.

Bernie Lear knows a growing market when he sees one. The recently promoted senior vice president of Johnny's Pizza says he believes the pizza home-delivery market will be a $12 billion market by 1990 and he wants Johnny's Pizza to get its share of those dollars.

"We are ready to take advantage of the increased franchise opportunities offered by the pizza home-delivery market," says Lear.

The standard offering at Johnny's is a pizza with a crust of medium thickness. The company annually sells $495,000 worth of this product and other foods and beverages at each of its units.

The first Johnny's opened in Monroe, La., in 1968. It started as a full-service restaurant concept but since has developed a delivery-only operation that also is available to prospective franchisees. Franchisees account for a little less than half the system's units. In addition to Louisiana, Johnny's Pizza restaurants are open in Mississippi and Arkansas.

ALL EYES ON QUALITY

Big O's Pizza, Chattanooga. PC: Southern Hospitality. Projected 1987 sales: n/a. 8 units 1/1/88. Henry Hillenmeyer, president, COO.

Southern Hospitality used to be a major franchisee of Mr. Gatti's pizza restaurants in the Nashville area and still owns 55 Wendy's. The experience formed the company's philosophy that food quality is a major key to restaurant success.

"Just look at Wendy's," says Henry Hillenmeyer, president of the company's newest venture, Big O's. "Wendy's got into the burger business 13 years after the other guys and no one took them seriously. Their attention to quality is what gave them the impact they've had."

The quality focus explains Big O's approach to pizza making. "We worked for five or six years to perfect our product," says Hillenmeyer.

Southern Hospitality opened Big O's when it saw that a delivery-only operation was the way to go. The first eight company-owned units are in the Chattanooga market area. "Once we totally dominate that market, we'll think about franchising," says Hillenmeyer.

Big O's

Pizza Delivery

1987 GROWTH CHAINS

ETHNIC

Foreign flavors find favor with American taste buds. More Mexican food comes north of the Rio Grande, while Indian, Belgian and Chinese foods prove that the United States remains the great melting pot.

AN UNLIKELY COMBINATION

El Sombrero Restaurants, Milwaukee. Projected 1987 sales: $4.5MM. 5 units 1/1/88. Yogi Shah, owner.

An Indian operating a Mexican chain in a city known for its German cuisine? That's what Yogi Shah is doing in Milwaukee with El Sombrero.

Shah came to the United States from Bombay to study engineering, but decided running a restaurant was where he wanted to focus his talents. In 1974 he borrowed $4,000 and combined it with his own funds to purchase a restaurant in a Milwaukee neighborhood with a heavy Mexican concentration. It wasn't until 12 years had passed that Shah felt confident enough to open a second restaurant.

Since then, Wisconsinites also have been patronizing El Sombrero's all-you-can-eat Mexican buffet line in Madison and Brookfield, the latter an affluent western suburb of Milwaukee. The buffet provides Mexican food for a reasonable $4.95 at lunch and $5.95 at dinner. With beverages, the average checks come out to $6.50 for lunch and $8.50 for dinner.

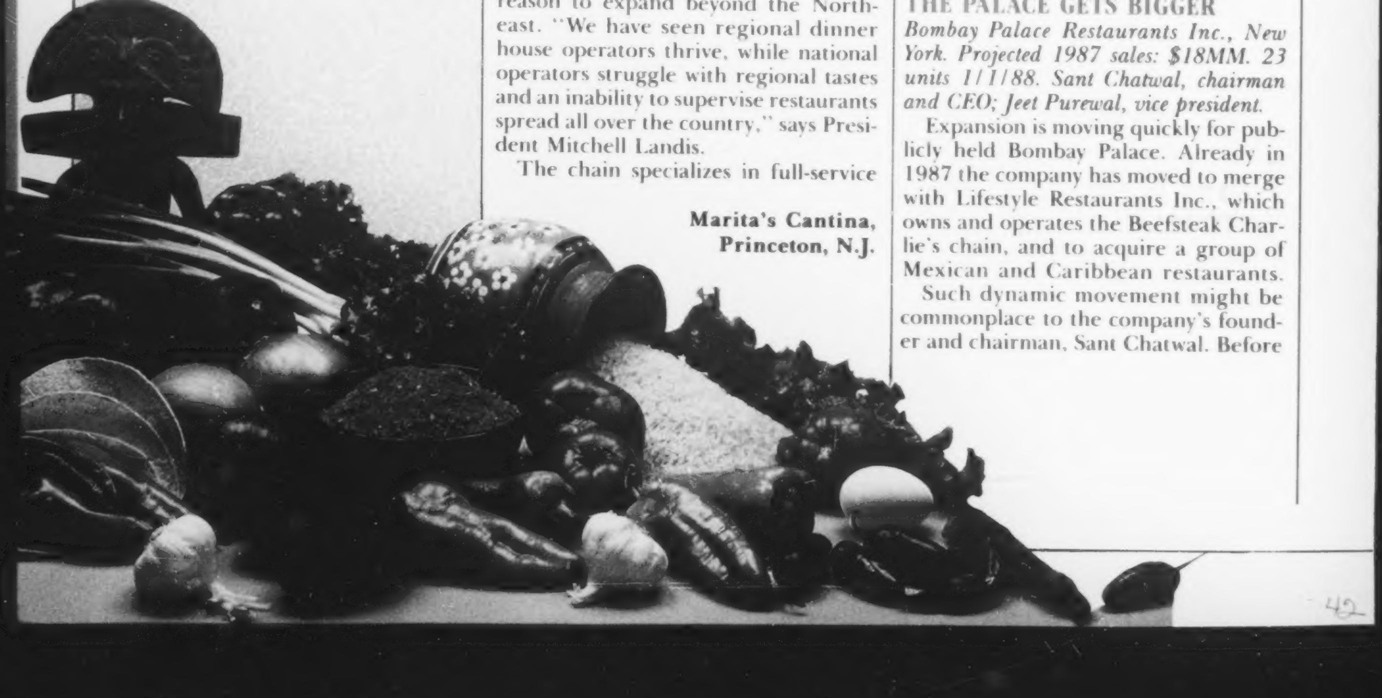
As many as 10 El Sombrero units are scheduled to open during 1988 around Wisconsin and in the Chicago area.

AT HOME IN THE NORTHEAST

Marita's Cantina, Princeton, N.J. PC: Landis Food Services. Projected 1987 sales: $6MM. 10 units 1/1/88. Mitchell Landis, president; Kevin Kruse, director of operations.

Though its menu comes from the Southwest, Marita's Cantina sees no reason to expand beyond the Northeast. "We have seen regional dinner house operators thrive, while national operators struggle with regional tastes and an inability to supervise restaurants spread all over the country," says President Mitchell Landis.

The chain specializes in full-service Mexican restaurants, although it does have a single fast-food mall unit in operation and a second on the drawing boards. No cookie cutter is evident at Marita's because the company strives to come up with a unique interior each time it opens a new outlet. Landis says it is faster, cheaper and adds to the overall decor to adapt Marita's to an existing structure rather than having a set Marita's design to place in each existing building the company acquires.



Marita's Cantina, Princeton, N.J.

El Sombrero Restaurants, Milwaukee

THE PALACE GETS BIGGER

Bombay Palace Restaurants Inc., New York. Projected 1987 sales: $18MM. 23 units 1/1/88. Sant Chatwal, chairman and CEO; Jeet Purewal, vice president.

Expansion is moving quickly for publicly held Bombay Palace. Already in 1987 the company has moved to merge with Lifestyle Restaurants Inc., which owns and operates the Beefsteak Charlie's chain, and to acquire a group of Mexican and Caribbean restaurants.

Such dynamic movement might be commonplace to the company's founder and chairman, Sant Chatwal. Before

locating in the United States, Chatwal served as an aircraft carrier pilot-officer in India, and owned and operated restaurants in Ethiopia and Montreal. In addition to his Bombay Palace operations, he owns eight other restaurants and five hotels.

The menu at Bombay Palace features authentic Indian chicken, lamb and shrimp recipes. Following the national trend, there has been less emphasis on alcoholic beverage sales and more on food preparation during the past few years.

Bombay Palace

Average annual sales at each Bombay Palace exceeds $1 million, with average lunch checks at about $15 and dinner at about $21.

P. Freetly's

THE
ULTIMATE
FRY

JUST THE FREETS, MA'AM

P. Freetly's, Chicago. Projected 1987 sales: n/a. 2 units 1/1/88. Philip McCaleb, owner.

They can be made of potatoes, chicken, zucchini or fish, but they're still freets. And freets are the only food sold at P. Freetly's.

Freets, according to owner Philip McCaleb, are Belgian french fries. While french fries are treated as a side dish in the United States, they are treated as a main course in Belgium. To that end, P. Freetly's offers the fries in amounts of 10 to 12 ounces, 22 to 24 ounces and 3 pounds for $1.99, $2.99 and $3.99, respectively.

The freets are served with a choice of 12 different sauces, including lemon herb, Creole cocktail, sesame horseradish, and garlic and herb cheese.

To accompany the potato freets, side dishes of chicken, zucchini and fish freets are available. The shops, both located in downtown Chicago, also serve soft drinks, coffee and tea.

McCaleb concedes that serving just freets is an "extremely radical concept." But at least memorizing the menu will be easy for new employees.

NO NEED TO WOK TO WALLY'S

Wally Wok, Honolulu. Projected 1987 sales: $400K. 2 units 1/1/88. Wally Chung, president; Dr. Ken Murakoa, vice president.

There's nothing usual at Wally Wok. The fledgling Chinese food chain is not only delivering its lunches and dinners, and never preparing a dish before it is ordered, but it also is serving complex meals while never using monosodium glutamate.

The company says about 40% of its meals are delivered, a higher-than-anticipated percentage. It also claims to be giving the big-name pizza delivery chains heavy competition.

Wally Wok's menu is filled with attractive offerings such as San Francisco-style roast duck and chicken, its World Famous Noodle Basket filled with freshly cooked vegetables and covered with a light sauce, and the Wok-It Pita Pocket filled with either Mongolian pepper steak or Char Siu and chicken.

So far the company has done well with the youth market attending the University of Hawaii. The next unit is proposed for a site nearer to downtown. Beyond that, some consideration is being given to taking Wally to the mainland.

Units have just 20 seats and offer no alcohol. A majority of business comes at lunch, and the average check is $4.76.

RESTAURANTS AS BIG AS TEXAS

J. Pepe's Mexican Restaurant & Cantina, Dallas. PC: Mexican Food Ventures. Projected 1987 sales: $4.4MM. 4 units 1/1/88. Tom Stark, president.

J. Pepe's has gotten into the Dallas-Fort Worth Tex-Mex scene in a big way.

j. Pepe's
MEXICAN RESTAURANT AND CANTINA

The 4-year-old chain is opening large restaurants (the smallest seats 225) fashioned as border cantinas with arched doorways, Spanish tile roofs and large outdoor patio dining areas.

President Tom Stark says the recipes adhere to honesty in preparation. All items are cooked from scratch daily. Top sellers include Acapulco Chicken, which is marinated in 14 ingredients then charbroiled; Paradise Shrimp, which are wrapped in bacon and stuffed with cheese; and fajitas.

The downtown Dallas restaurant appeals to the business crowd and has a higher average check and percentage of alcoholic beverage sales. However, the company intends to gear its suburban restaurants toward families.

Two J. Pepe's restaurants opened during 1987 and plans call for three more during 1988.

1987 GROWTH CHAINS

TREATS

Chains offering high-fat, high-calorie, tempting treats sprout every year, proving that the "diet dichotomy" is indeed running rampant. As long as America exercises, cinnamon buns will roll and ice cream blenders will turn.

Hobson's
SANTA BARBARA

Hobson's counts more than 4 million ice cream/blend-in/topping combinations.

BLENDED TREATS BIG IN JAPAN

Hobson's Fine Blended Ice Creams, Santa Barbara, Calif. Projected 1987 sales: $25MM. 20 units 1/1/88. Allan Levine, chairman.

Hobson's customers, working with 12 ice cream flavors, 11 blend-in ingredients and eight toppings, can enjoy 4,427,000 different combinations. Ice cream flavors range from bittersweet chocolate to apple pie. Blend-ins include boysenberries and peanut-butter cups, while rum-soaked raisins as well as whipped cream grace the toppings list. The most popular combination, says Chairman Allan Levine, is cappuccino ice cream and Oreo cookies. Checks average $2.

The company was founded in 1983. The 10 company-owned units are located in California; 35 franchised stores are open in California, Japan and Taiwan. Average unit volumes in the United States are about $225,000. In Japan, average sales reach upwards of $1.5 million. "In Japan, people will wait in line until three in the morning for ice cream," says Levine. Hobson's spends very little on advertising, he adds. "We rely on word-of-mouth."

The company opened 10 units in 1987, and hopes to open the same number next year.

Twistee Treat features "firm serve."

A CONE INSIDE A CONE

Twistee Treat, North Fort Myers, Fla. Projected 1987 sales: $3MM-4MM. 38 units 1/1/88. Robert G. Skinner, chairman. Lee Lanktree, president.

Customers craving a Twistee Treat need only look for the buildings shaped like an ice cream cone. Inside, they can order firm-serve ice cream that, according to a company spokeswoman, is harder than soft-serve but softer than hard ice cream. The menu includes sundaes, shakes and splits as well as cones. Six flavors, picked from a stable of more than 50, are offered daily, as is a low-calorie version of Twistee Treat.

The company was founded in 1982 with $7.26 million, raised in a public offering.

The company has sold franchise packages that call for 380 units to open in the New York metropolitan area and 120 units to open in California during the next seven years. Letters of intent have been signed for expansion into Hawaii and Texas.

Franchisees are encouraged to buy the cone-shaped building and accompanying equipment package for $155,000 to $185,000, depending on the location. The franchisee fee is $100,000. Royalties are not charged, although franchise agreements provide for a 2½% fee.

SHE SELLS CINNAMON ROLLS

Cindy's Cinnamon Rolls, Fallbrook, Calif. Projected 1987 sales: $15MM. 43 units 1/1/88. Thomas Harris, president. Cindy Harris, secretary/treasurer.

Cindy's started selling cinnamon rolls in 1985, just as the craze started. The stores, located in regional malls, offer

4-inch-high rolls for $1.35. Caramel nut rolls and apple strudel rolls sell for $1.49. The original cinnamon roll is the best-seller, according to Thomas Harris, president. Average unit volumes are $350,000. Checks average $4. Top stores sell about 20,000 rolls a month. Food costs run just over 15%.

The company does not advertise, but relies on the smell of baking rolls to attract impulse buyers. Workers mix and bake the rolls in display kitchens, adding to the customer's cinnamon-roll experience.

Cindy's began franchising in January 1986. The franchise fee is $25,000; royalties are 5%. The company opened 23 units in 1987 and plans to open 30 next year. The sole company-owned unit is located in Fort Collins, Colo. Franchised units are located in Washington, D.C., and Hawaii. Most growth is taking place in the Northeast. Harris says he will be happy if 100 shops are operating within five years.

CINNAMON SAM'S®

SAM, SAM, CINNAMON MAN

Cinnamon Sam's, Overland Park, Kan. Projected 1987 sales: $10MM. 60-70 units 1/1/88. Gerald F. Diddle, president and COO.

Cinnamon Sam's rolls are no ordinary rolls. They are gourmet rolls, says President Gerald Diddle. "Our customers are upscale; they are willing to pay for quality."

The stores also offer blueberry, apple streusel and bran muffins, Bundt cakes, hot cross buns and cinnamon-raisin bread. Checks average $3; annual sales per unit range from $250,000 to $325,000.

The four company-owned stores are located in Kansas City, Mo. Franchised units are located all over the country. Cinnamon Sam's has targeted Washington, D.C., as its top market for expansion. Franchising began in November 1986; the franchise fee is $20,000, with 5% royalties plus a 2% contribution to the national advertising budget. The company plans to open 100 to 120 units next year.

LIKE A ROLLING SCONE

Rolling Dough Gourmet Bakery, Scottsdale, Ariz. Projected 1987 sales: $1.5MM. 9 units 1/1/88. John Horseman, president; Michael Capriola, vice president of operations.

Rolling Dough has positioned itself between upscale, limited-menu pastry shops and full-line bakeries.

Fresh-ground coffee, espresso, cappuccino and orange juice complement the selection of croissants, bagels, cinnamon rolls and croissant sandwiches, as well as a selection of giant muffins ranging from blueberry to Cheddar cheese and zucchini. "We're versatile; we can adapt to changing trends and tastes," says President John Horseman.

The company was founded in 1987, with start-up capital of about $600,000.

The first two stores were opened in Cleveland-area malls. "High population density reflected in statistics on mall traffic made Cleveland attractive to us," explains Horseman.

Annual sales per unit range from $300,000 to $350,000. The units hold few or no seats. Checks average $3.75. Rolling Dough spends 2% to 4% of sales on advertising.

Aggressive franchising plans are under way, says Horseman. The franchisee fee is $20,000 for the first unit, $5,000 for each additional unit; royalties are 5%. The company plans to open 25 units next year.

continued on page 52

RollingDough
GOURMET BAKERY

Cindy's offers only three varieties.

1987 GROWTH CHAINS

TREATS

Several new chains operate on the premise that not everybody wants to ruin a diet. Low-fat yogurt, no-fat frozen desserts made from tofu and cookies safe for diabetics attract those who want to have their sweets and eat them, too.

LIKE GRANDMA USED TO MAKE

Grandma Jan's Cookies, Newark, Ohio. Projected 1987 sales: $240,000. 2 units 1/1/87. Jan Luce, president; David Luce, vice president.

Grandma Jan's specializes in "large, soft cookies, like Grandma's," says President Jan Luce. Seven varieties of cookies and two kinds of brownies account for most sales. Sugar-free cookies and cakes that come with an exchange sheet appeal to dieters as well as diabetics, for whom they are intended. The units are located in food courts. Checks average $1.79.

The company was founded in June 1984 with start-up capital of about $10: "I started it in my kitchen," says Luce. All units, located in Ohio, are company-owned. Luce has not yet set franchising plans, but has firm ideas about prospective employees. "In order to work for me, you have to be over 50. I look for grannies and grandpas."

AS PURE AS THE DRIVEN SNOW

Freshens, Atlanta. PC: Yogurt Ventures USA. Projected 1987 sales: $15.75MM. 70 units 1/1/88. Richard Stern, chairman; John Stern, president.

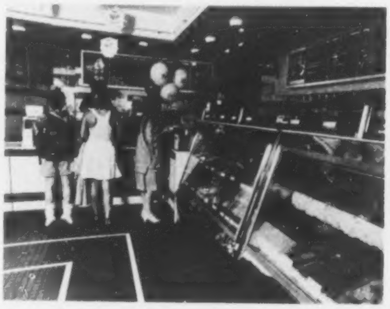
Richard and John Stern, two fitness-oriented men driven to find a flavorful frozen yogurt, opened Freshens in 1985 after two years in the laboratory.

Freshens serves all-natural yogurt with a taste and texture like premium ice cream. The stores rotate 20 core flavors; one flavor is chosen as the flavor of the month. Chocolate and vanilla waffle cones, shakes, floats and sundaes supplement the yogurt menu.

Freshens serves frozen yogurt.

Freshens sprinkles Cookie Cake Crumbles, gourmet cakes baked whole, then crumbled, on top of frozen-yogurt treats. Crumble flavors include fudge nut brownie, Amaretto almond and double lemon zest.

Freshens' stores average $225,000 in annual sales. Each unit has 18 seats. Checks average $1.39. The company began franchising in 1985; franchise fees are $17,500 with 4% royalty. The company spends 4% of gross sales on radio and print advertising.



Non-dairy treats at The Tofutti Shop.

LOTS OF TASTE, LITTLE GUILT

The Tofutti Shop, Rahway, N.J. PC: Tofutti Brands Inc. Projected 1987 sales: $2.5MM. 4 units 1/1/88. David Mintz, chairman and CEO.

"It's a dessert wonderland," says CEO David Mintz. "Desserts don't have to be bad for you."

Operating under that philosophy, Tofutti offers brownie-fudge cheesecake, cherries Jubilee, cookies, muffins and Danish pastries, all made with cholesterol-free tofu, in addition to the signature frozen dessert. Annual sales per unit range from $500,000 to $750,000. Checks average $2.75.

The company-owned unit now in operation is located in New York City. The single franchised unit is located in Teaneck, N.J. Tofutti began franchising this year; the fee is $25,000 with 5% royalties. The company spends 5% of sales on advertising.

Expansion plans call for "steady growth" during 1988. Franchise deals for Germany, Canada and several Scandinavian countries are pending, and Mintz says the Soviet Union is showing interest in the The Tofutti Shop.

1987 GROWTH CHAINS

DRIVE-THRUS

Burgers have monopolized the drive-thru-only segment, but not this year. Drive-thru Italian and Mexican chains are a dream come true for the '80s fast-food patron, since they add variety to the speed-and-price formula. Even burger drive-thrus now offer breakfast and desserts.

SPAGHETTI, MEATBALLS TO GO

Bambolino's, Houston. Projected 1987 sales: n/a. 11 units 1/1/88. Drew Pollen Jr., president.

"Double Big" pizza—two slices of a 16-inch pie—anchors sales at Bambolino's, The Original Drive-Thru Italian Restaurant. The best-selling variety is pepperoni, which, at $1.59 a slice, accounts for half of pizza sales. Pizza in any form accounts for 75% of total sales.

Customers in the mood for something besides pizza can order spaghetti with meat sauce, meat lasagna, the daily combination special, Italian salad with creamy dressing, garlic bread or icy Italian lemonade. Everything except the pasta is made every day in the kitchen, which takes up 80% of the 275-square-foot movable building.

Bambolino's customers are served in two minutes or less. Picnic tables outside the restaurant accommodate walk-up customers who want to eat right away. The units are open from 11 a.m. to 11 p.m. daily. Checks average $3.50. Annual sales per unit average $275,000.

Expansion plans call for at least 15 new units in 1988. Plans for franchising are still in the works.

BAMBOLINO'S™

TEX MEX CANTINA

Lolita's Tex-Mex Cantina, San Antonio

SPICY BUT NOT TOO FIERY

Lolita's Tex-Mex Cantina, San Antonio. Projected 1987 sales: $3MM. 10 units 1/1/88. Roger D. Leclerc and Allan H. Sewell, founders.

The first Lolita's opened last January under the direction of Roger Leclerc, formerly of Quik Wok, and Allan Sewell, formerly of Steak & Ale. Lolita's food is spicier than that at most Tex-Mex restaurants, but not hot enough to scare away the masses. The menu includes several fajita varieties, breakfast tacos and *empenadas* (fruit-filled deep-fried pastries). Checks average $3.50; annual sales per unit average $500,000.

Everything is prepared fresh daily in the 508-square-foot building, 90% of which is the kitchen. The first five restaurants are stick-built; the company planned to use a modular building after the fifth unit.

The company, which says it does not believe in "growth for growth's sake," plans to open 25 more units in 1988, with a balance between company-owned and franchised stores. Target areas are New Mexico, Arizona and West Texas. The franchise fee is $17,500, with 4% royalties. The company spends 5% of gross sales on advertising.

BISCUITS AND BURGERS

Skooters, Birmingham, Ala. Projected 1987 sales: $3.2MM. 12 units 1/1/88. Richard Wann, president.

Skooters may have the most extensive menu of any of the dozen or so burger drive-thru chains now dotting the country. Breakfast biscuits, chicken sandwiches and Skooterblasters, a mix-in dairy dessert, appeal to customers who want food fast, but desire more than burgers and fries.

The chain, however, started off with a limited menu of burgers, fries, soft drinks and shakes. The chicken sandwich, a bow to health-minded customers, was introduced three months after the first unit opened. Skooterblasters were introduced last July to liven afternoon sales and now account for 15% to 20% of total sales. Annual sales per unit average $350,000. Checks average $1.90 at breakfast and $3 at lunch and dinner.

The company plans to open between 60 and 80 new units in 1988, most of which will be franchised. Expansion territories include Indiana, Florida, North Carolina and Alabama. The franchise fee is $10,000, with 5% royalties. Skooters is independently owned; management is considering a public stock offering.

DRIVE UP, WALK IN, SIT DOWN

Burger Inn, Cheyenne, Wyo. PC: Ferrari Management. Projected 1987 sales: $3.5MM. 15 units 1/1/88. David Ferrari, president.

Burger Inn was founded in 1968 in Oklahoma City by G.L. Baldwin, and was bought by Ferrari, a Burger Inn franchisee, in 1981.

Burger Inn offers its franchisees a choice of three units. An 800-square-foot unit has two drive-thru windows and 26 inside seats. A deluxe, 1,650-square-foot building has seating for 64, plus one drive-thru window. Optional solariums on the larger models give room for more seats. These two units offer a full menu that includes burgers, fries, hot dogs and a variety of sandwiches.

A 400-square-foot unit comprising two drive-thru windows and one walk-up window was introduced earlier this year and put Burger Inn in the drive-thru-only league. The unit can be stick-built on site or built in Wyoming and shipped to the site. These units offer only burgers, fries and soft drinks.

The company plans to open 15 units in 1988. Franchise fee is $15,000, with 4% royalties. Averages sales per unit are $400,000. Checks average $3.12.

KEEP THOSE BURGERS MOVING

Hamburger Express, Barberton, Ohio. Projected 1987 sales: $1.5MM. 15 units 1/1/88. Russ Mazzola, chairman.

Russ Mazzola doesn't mince words. "We intend to be the next McDonald's," says the chairman of Hamburger Express, a double drive-thru-only chain that offers single and double plain burgers and cheeseburgers, hot dogs, fries, soft drinks and milkshakes.

In June of this year, Hamburger Express sold burger No. 200,000, perhaps proving to management that such a limited menu can draw customers. A large burger, fries and soft drink sell for $1.89. Checks average $2; the units average $32,000 a month in sales.

In fact, everything at Hamburger Express is limited. There's no parking lot, no restrooms, no playgrounds and no dining room. The 440-square-foot units carry a turnkey cost of $150,000. No frills enable Hamburger Express to "serve 'em bigger-better-cheaper."

While the majority of drive-thru-only burger chains choose to build their strength in the South, Hamburger Express is tackling the Midwest. The company opened its first unit in February in Northeast Ohio and followed with 14 more in the same region. In 1988, however, the company plans to open 30 units in the Midwest. The franchise fee is $7,500, with 4% royalties.

Hamburger Express

A KINGLY SORT OF DRIVE-THRU

Castleburger International Corp., Fort Lauderdale, Fla. Projected 1987 sales: $3MM. 14 units 1/1/88. Linda Biciocchi, president.

The "international" in the title refers to the fact that several Castleburger investors are in the Far East. And within a few years, that is where several new units will be located. South Florida is home to most of the units now in operation.

The drive-thru units, which average 1,200 square feet, feature 1-ounce hamburgers, delivered to the stores daily. The little burgers sell for 37 cents each. Cheeseburgers cost 47 cents.

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1987 GROWTH CHAINS

DRIVE-THRUS

Several drive-thru chains started out with limited menus and service, then expanded both to accommodate regulars looking for a change of pace.

TEX, MEX MEET AT JUNCTION

Fajita Junction, San Antonio. Projected 1987 sales: $14MM. 50 units 1/1/88. Tom Turner, president.

Fajita Junction lays claim to being the first Mexican drive-thru-only chain in Texas, and possibly the first in the country. The chain was founded in 1985.

The menu features beef and chili fajitas, taco salad, enchiladas and a breakfast taco stuffed with bacon and eggs.

The company began franchising this year. The franchise fee is $17,500, with 4% royalties. Expansion plans call for 50 units to open in 1988. New Orleans is one of the Fajita Junction's target areas.

Fajita
JUNCTION
3 DRIVE THRUS

Fajita Junction

JR.'S GETTING BIGGER

Jr.'s Hot Dogs International, Lake Arrowhead, Calif. Projected 1987 sales: n/a. 21 units 1/1/88. Roy Wander Wall, founder and chairman.

Roy Wander Wall, a former meat cutter, opened the first Jr.'s in 1969 after he invented a special beef and pork hot dog with a fat content far below government maximums. Jr.'s dogs are served Chicago-style, on steamed buns with onions, tomatoes, mustard, relish, cucumbers and seasoning.

Jr.'s Hot Dogs

Coca-Cola
Jr.'s
HOT DOGS
Jr.'s

Chili dogs, Polish and Italian sausage, a beef sandwich and cheese fries also are on the menu.

The company began franchising this year. Of the 21 units now open, four are company-owned and 17 are franchised. Jr.'s has divided the country into 56 master franchise regions, each of which will be sold to an individual or investor group for $75,000. The regional franchisee can then sell one local franchise for each segment in the region with a population of 15,000.

Franchisees can operate the stores as takeout restaurants, with or without seating, or as drive-thrus.

SEATS SPECKLE SPANGLES

Spangles, Wichita, Kan. Projected 1987 sales: $8MM. 11 units 1/1/88. Craig Steven, president.

Spangles started in 1978 when the founders took over a failed fast-food store. Spangles units offer drive-thru, but also seat 100 people. The buildings are designed with a three-sided atrium. Stuffed potatoes, chili dogs, sandwiches and a nacho bar are offered along with the requisite hamburger.

The units are free-standing and compete with the four big burger chains, says Dale Steven, vice president. Annual sales per unit average $800,000. Checks average $3.50.

All Spangles are company-owned. "We want to get growth pains under control before we start franchising," says Steven. After franchising gets under way, the company will consider a public stock offering.

1987 GROWTH CHAINS

CASUAL/THEME

Concepts featuring red meat, from prime rib to pork ribs, continue to sprout and thrive. Seafood and chicken, of course, remain popular.

SEAFOOD, CARIBBEAN-STYLE

Key West, Dallas. PC: S&A Restaurant Corp. Projected 1987 sales: n/a. 6 units 1/1/88. Dennis Hood, senior vice president, concept head.

The mood is casual, like an island vacation. Wicker furniture, paddle fans, and plantation shutters remind diners of a Key West dwelling.

Seafood, Caribbean-style, accounts for about half the menu. Signature items include stone crab claws, beer-boiled shrimp, conch chowder, conch fritters, smoked chicken, baby back ribs, beer cheese soup, banana muffins and Bimini-bread sandwiches. Dessert offerings include macadamia-nut ice-cream pie and, of course, Key lime pie. Entree prices range from $3.95 to $12.95.

"Curious, innovative consumers" are attracted to S&A's newest, smallest concept, says a company spokeswoman. The 5,800-square-foot building seats 224 people in several theme rooms, such as The Caribbean Room, Hemingway Room, Florida Room and the Gallery, decorated with original work by Key West artists.

The first Key West opened last year in Clearwater, Fla.; a second opened earlier this year in Dallas. Annual sales per unit average $2.5 million to $3 million. Check averages and percentage of sales from alcohol were not disclosed.

Key West: Stylish seafood from S&A.

THIS LITTLE RIBBY GOES HOME

Ribby's, Dallas. PC: USACafes. Projected 1987 sales: $500,000. 2 units 1/1/88. Jeff Rogers, president, USACafes.

Ribby's ribs go anywhere—to the table for eat-in diners, out the drive-thru window, over takeout counter, or to homes via the delivery truck. And there's more. Beef brisket, smoked ham and combination ham, cheese and beef brisket sandwiches, Rib-B-Cue smoked pork sandwiches, Cajun-fried chicken, barbecue beans, french fries, coleslaw and smoked potatoes satisfy customers who want something different, yet filling.

Ribby's best selling item is the ribs, followed by the Rib-B-Cue sandwich. In keeping with the family feel of USA-Cafes' Bonanza restaurants, Ribby's does not serve alcohol.

Annual sales at the two units average $450,000 to $550,000. Checks average $13 to $15 on delivery orders, $6 to $6.25 on drive-thru orders, and $5.25 to $5.50 on walk-up orders.

USACafes opened the first Ribby's this year after looking at research that showed pizza, delivery and barbecue led the pack in consumer patronage of specialty restaurants. USACafes plans to expand Ribby's next year.

Bonanza franchisees, both direct franchisees and area developers, will get first crack at franchising Ribby's.

MORE THAN A HILL OF BEANS

Brick Oven Beanery, Golden, Colo. PC: American Beaneries. Projected 1987 sales: $3MM. 8 units 1/1/88. Ross Johnson, founder.

Brick Oven Beanery people call their concept "honest fast food." Nothing on the menu is grilled or fried. Instead, slow-roasted turkey with sage-nut dresssing, skin-on mashed potatoes,

1987 GROWTH CHAINS

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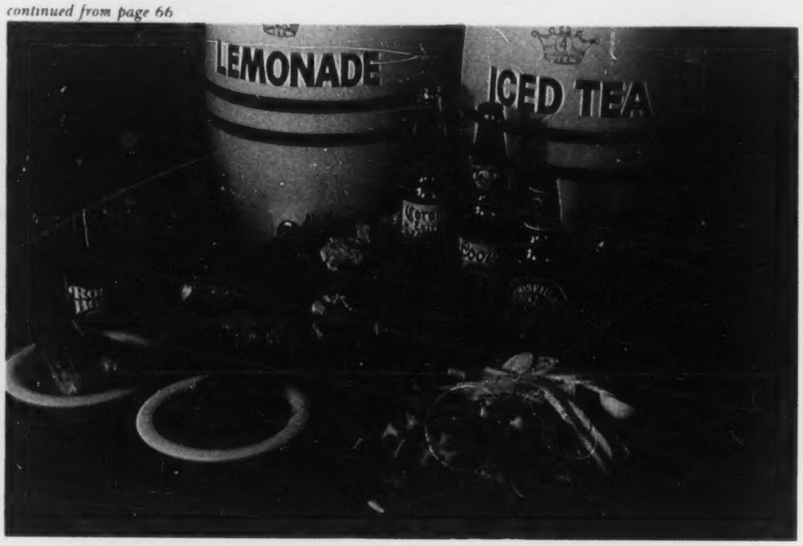

Nothing fried or grilled on Brick Oven Beanery's "honest" menu.

fresh bread with horseradish mayonnaise, Louisiana Cajun gumbo, roast beef and ham are cooked in a display kitchen and served cafeteria-style.

"We're competing in speed and service against the fast-food chains, but we have better food," says Ross Johnson, who opened the first Beanery in July 1984, in Boise, Idaho. Unlike the fast feeders, the Beanery sells alcohol: "If you have five guys going to lunch and four want iced tea and one wants a martini, you can bank on who decides where to go," explains Johnson.

Ribby's features ribs, all ways.

American Beaneries operates one Beanery in Denver, as well as the original in Boise. Discus Corp., the Fuddruckers franchisee, has opened a Beanery in Roseville, Minn., and plans to open several more. Discus, however, has dropped "Beanery" from the name, and changed the concept from self-service to full-service.

Beanery restaurants seat about 105 people. Annual sales per unit average $450,000 to $650,000. Checks average $4.90 to $5.10 at lunch and $5.90 to $6 at dinner. Alcohol accounts for 8% of sales.

O'STEAK, O'SEAFOOD, O'RIB

O'Charleys Inc., Nashville. Projected 1987 sales: $16.5MM. 15 units 1/1/88. David Wachtel, president and CEO.

O'Charley's started out as a franchisee of Luther's Barbecue and had two Luther's in operation when, in 1983, management decided to remodel them into O'Charley's.

The full-service restaurants feature prime rib, steak and seafood. Prices range from $6.50 for a half-pound chopped sirloin steak to $11.95 for a steak-and-shrimp platter. Quiche, stuffed potatoes, salads and croissant sandwiches appeal to customers not interested in a big meaty meal.

Sunday brunch, served from 10:30 a.m. to 3 p.m., is popular among O'Charley's customers. The 23-item menu includes Eggs Benedict, prime rib, ham and eggs, omelets, burgers and sandwiches.

Checks average $6 at lunch, $11 at dinner and $10.50 at Sunday brunch. Alcohol accounts for 25% of sales. Annual sales per unit average $2 million. The restaurants seat about 225.

All nine company-owned units are located in Tennessee. O'Charley's began franchising in 1986. Company officials would not disclose franchise fees or royalties. The three franchised units are located in Mobile and Birmingham, Ala., and Biloxi, Miss.

The company recently bought Bennigan's stores in Nashville, Lexington, Ky., and Huntsville, Ala., with plans to convert them to O'Charleys.

O'Charley's spends 2½% of sales on advertising, which includes a strong point-of-sale program.

Wildwood: "Flavors of America."

FROM THE CHICKEN-GO-ROUND

Wildwood Restaurants, Tampa. Projected 1987 sales: $4MM. 4 units 1/1/88. George Burkhardt, president.

Billing themselves as "The Flavor of America," Wildwood Restaurants offer rotisserie chicken, mesquite-grilled baby back ribs, hamburgers, seafood, prime rib, fajitas—a grand total of 730 entrees. Wildwood tosses in a full, on-premises bakery to strengthen its appeal to young professionals, with or without children. The 225-seat restaurants are decorated with mahogany, earth-tone marbles and plants.

All four restaurants are company-owned. Annual sales per unit average $1.8 million. Checks average $7 at lunch and $11 at dinner. Alcohol accounts for 20% of sales.

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1987 GROWTH CHAINS

CASUAL/THEME

Entertainment, from piano bars to comedians, is coming back to casual eateries. After dinner, patrons sit back and listen, often with a drink in hand, boosting alcohol sales.

KEEPING PATRONS IN STITCHES

Governor's Comedy Shops, Levittown, N.Y. Projected 1987 sales: $1.1MM. 4 units 1/1/88. William J. Reilly, chairman and president.

Small-scale venues for stand-up comics were relatively new when William Reilly opened the first Governor's in 1981 on Long Island. His target areas remain small cities near big cities: Clearwater, Fla.; Newport, R.I.; Stanford and Hartford, Conn.

The menu follows the standard fern-bar format, with hamburgers and sandwiches as the mainstay. Alcohol accounts for 60% of sales. Sales per unit average $500,000.

A TASTE OF NEW ORLEANS

Achafalaya River Cafe, Houston. Projected 1987 sales: $17MM. 3 units 1/1/88. Richard and Glenna Tanenbaum, owners.

It's all in the name: Achafalaya, named after the New Orleans river basin teeming with crawfish, serves Cajun and Creole seafood, chops, steak and pasta to the strains of jazz music. The ambiance and food attracts the 22- to 45-year-old crowd, says Ann Lawes, vice president of operations.

Richard Tanenbaum, who for 10 years operated the Monument Inn restaurant in Houston, fashioned Achafalaya out of a second Monument Inn "that was doing all right, but not great," says Lawes. Tanenbaum decided to transport the eating experiences of his days at Tulane University to the Houston area.

California Cafe: Out to beat trends.

California Cafe

The decor oozes New Orleans, from the balconies outside to the Mardi Gras posters on the wall. "It looks like something you'd find in the French Quarter," Lawes says. To make sure the spirit sinks in, diners are presented with Mardi Gras beads.

Two River Cafes are located in Houston, and one is in Dallas. The 210-seat units average $5 million in sales per year. Checks average $9 at lunch and $17 at dinner. The best-selling item is blackened redfish. Alcohol accounts for 30% of sales in Dallas and 25% of sales in Houston.

The company is opening another cafe in Arlington, Texas, in November and one in Clearlake (just south of Houston) after the first of the year. All units will be company-owned; the Tanenbaums have not ruled out franchising as a way to grow.

WEST-COAST CAFE SOCIETY

California Cafe Bar & Grill, Mill Valley, Calif. Projected 1987 sales: $14MM. 10 units 1/1/88. Robert A. Freeman, chairman and president.

The owners of California Cafe set out to "lead the trends, not be part of them," says President Bob Freeman. The restaurants specialize in grilled seafood, house-smoked meats, foods of the Southwest, as well as "good old American hamburgers."

California Cafe patrons range from movie-goers to the black-tie crowd. The restaurants, which seat 200, are decorated in soft pastels designed to reflect a tranquil vineyard setting. A piano player entertains diners nightly, as do the cooks in the exhibition kitchen. Patio dining and cocktails-only service also are available. Checks average $10 to $15 at lunch and $20 to $26 at dinner.

In addition to a full bar, California Cafe offers a full wine list that showcases California wines. Alcohol accounts for 30% of sales.

All California Cafes are company-owned and located in San Francisco and the surrounding area. Novato, Calif., is home to a sister restaurant, a '50s style diner called "California Diner."

1987 GROWTH CHAINS

SANDWICHES

Part of the fast-food crowd always will pass up a burger for a big, hot sandwich. Philadelphia cheesesteaks, once exclusive to that city, are moving west. Sandwiches stuffed into fresh-baked breads prove popular with lunchers.

A CHEESESTEAK BY ANY NAME

Mr. Philly, Cleveland. PC: Restaurant Developers Corp. Projected 1987 sales: $26MM. 200-300 units 1/1/88. Robert A. Coulson, president.

Mr. Philly features Hot Buttered Cheesesteak sandwiches, which consist of thin-sliced steak, melted cheese and mushrooms and onions piled on a hearth-baked roll. The Romanburger features two hamburgers, melted Swiss and American cheese, and grilled luncheon meat on a bed of garden salad in a roll. A tuna-and-cheese sandwich, salads, cheesecake, waffle-cut french fries and soft drinks finish the menu.

Restaurant Developers Corp. also operates Mr. Hero restaurants, which offer a complete line of submarine sandwiches. Those units, however, are being converted into Mr. Philly stores, and will adopt the Mr. Philly menu as well as the name.

Mr. Philly targets 22- to 49-year-olds who are more upscale than the usual fast-food crowd. The units are designed for five locations: city storefront, indoor mall, shopping center outlot, freestanding and strip-center.

The company is in the middle of a strong drive for franchisees. Franchise fee is $17,500, with 4% royalty charge and 6% contribution to the national advertising budget.

Mr. Philly's cheesesteak

The Steak Escape's cheesesteak

PHILLY SPECIALTY GOES WEST

The Steak Escape, Columbus, Ohio. PC: Escape Enterprises. Projected 1987 sales: $18MM. 35 units 1/1/88. Kennard Smith, chairman.

Philadelphia cheesesteaks, two types of ham sandwich, a vegetarian sandwich, fresh lemonade, soft drinks and french fries make up the whole menu at The Steak Escape. (The french fries are hand-cut and fried in peanut oil.) All items are prepared in a display kitchen, allowing the chain's food-court and mall customers to watch their order in the making.

Founder Ken Smith "discovered" cheesesteaks on the East Coast and opened the first unit in 1982 with a budget of about $100,000. The only company-owned unit is located in Columbus. Franchised units are located in California, Missouri and Louisiana, as well as Ohio. The company plans to open 25 units next year.

SUCCESSFUL STUFF

Stuff Yer Face, New Brunswick, N.J. Projected 1987 sales: $2.3MM. 4 units 1/1/88. Bill Washawanny, president.

The restaurant name is an invitation to eat. Heartily. Which is what people have been doing at the first four units. While the menu offers a variety of pizza, burgers, salads, and hot and cold sandwiches, 90% of the food orders taken at Stuff Yer Face are for strombolis, Italian-style closed sandwiches with bread baked around meat, vegetable and seafood fillings.

"When we first started, we only had one stromboli on the menu," says company President Bill Washawanny, "But it caught on so well we started adding more, until we ended up with the 50 varieties we offer today."

Washawanny is set to spread the stromboli's popularity further. The company started advertising to attract potential franchisees in July. Stuff Yer

Face is offering the first six to 12 franchises at a cut rate of $5,000 (normal rate $25,000). The only limitation is that they be in the New Jersey area for quality control purposes. Once those are established, Washawanny hopes to expand into other cities.

TASTE OF NEW YORK

Carnegie Deli, New York. Projected 1987 sales: $12MM. 4 units 1/1/88. Freddie Klein, vice president of planning and finance.

There's a scene in Woody Allen's film "Broadway Danny Rose" where the camera pans across a harbor, catching the name of a boat, "Freddy the K."

"That was for me," says Freddy Klein, vice president of planning and finance at the New York-based Carnegie Deli where Allen sometimes eats. Klein chuckles about the scene but gets serious when he talks about expansion plans for the deli he runs with three other partners: Leo Steiner, Milton Parker and Leon Sverdlen.

CARNEGIE DELICATESSEN & RESTAURANT

Eleven years ago the group bought the deli, which included the famous New York location and an unsuccessful Florida site. They closed the Florida store, opened a site in Atlantic City and then opened a new store in Florida. Most recently the group opened a fourth deli, in the Embassy Suites Hotel in Secaucus, N.J. On the horizon is a deli to be built in Boston and one in Chicago. There's also been talk that Carnegie will be the official feeder for the Olympics in Seoul, Korea.

SANDWICHES, SALADS GALORE

A.S. Gamm's, Woodlands, Texas. Projected 1987 sales: $1.2MM. 6 units 1/1/88. Sandy Billings, president.

A.S. Gamm's prides itself on fresh ingredients, according to President Sandy Billings. The limited menu includes 11 sandwiches, ranging from roast beef to vegetarian, all priced at $2.99. Topped potatoes, soup and salads round out the menu. Beverages include imported and domestic beer, wine, coffee, milk, bottled water, iced tea and soft drinks. Cheesecake and Key lime pie anchor dessert sales.

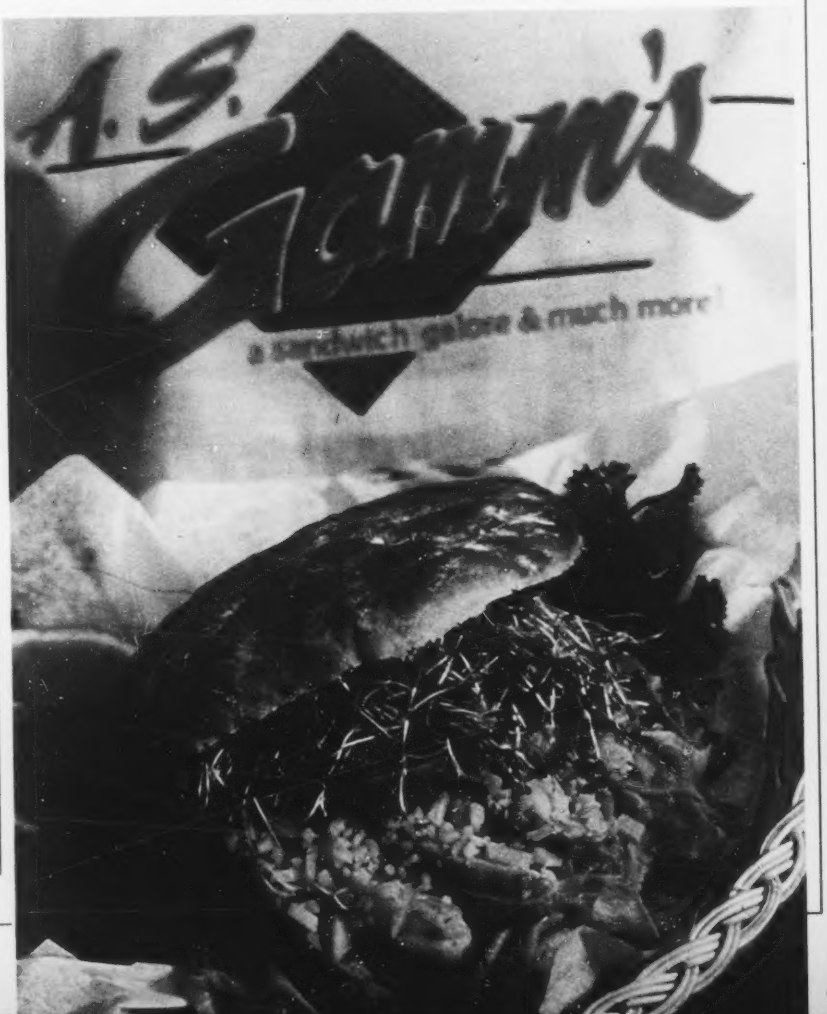
Nearly every menu item incorporates Galore bread, baked fresh in the store several times a day. Sandwiches are made on Galore bread, and salads are served with Galore toast.

The menu is tailored for the lunch crowd, which accounts for 65% of sales, and for families, which account for a large part of weekend sales.

The first A.S. Gamm's opened in 1986. All units are company-owned and located in the Houston metropolitan area. Franchising will begin next year with two units, one in Corpus Christi, Texas, and one in Dallas. The franchise fee is $15,000.

Annual sales per unit range between $225,000 and $250,000. Each unit holds 100 seats. Checks average about $4. Beverage alcohol accounts for less than 20% of sales.

A.S. Gamm's features Galore bread.



1987 GROWTH CHAINS

RETAIL

Food and beverage counters in mall retail shops draw shoppers in need of a quick cup of coffee or a wholesome, freshly made sandwich.

SWEET SLICES OF SUCCESS

Logan Farms Honey Brand Hams, Houston. Projected 1987 sales: $1MM. 5 units 1/1/88. J. Pink Logan Jr., president.

J. Pink Logan didn't exactly jump into the ham business. He sort of spiraled. A mechanical engineer involved in sales of hydraulic cylinders who happened to have a generation of smokehouse expertise in his family background, Logan repaired a spiral-ham-slicing machine for a friend. Intrigued with the device, Logan invented his own model and started selling it. Not long after, watching throngs of Christmas shoppers line up for hams, Logan says he realized "a lot more people were interested in buying the hams than the machines." With that, Logan invested in his first shop.

That was 1984. In the years since, Logan has built a solid business that now includes two company-owned and five franchised gourmet meat shops. Product lines include pecan-smoked meats, peppered boneless hams, pork and beef sausages, marinated roasts and a honey-cured turkey in addition to the signature ham, which sells for $30. Logan says 70% of the meats sell during fall months and holidays. During off seasons, stores keep sales figures up via gourmet sandwich sales.

Spiral-sliced hams at Logan Farms.

Gloria Jean COFFEE BEAN
COFFEE BEAN
PURVEYORS FINE COFF

Gloria Jean's, by the cup or bean.

GOURMET BEAN ON THE GO

Gloria Jean's Coffee Bean Corp., Arlington Heights, Ill. Projected 1987 sales: $8MM. 41 units 1/1/88. Ed Kvetko, president, co-owner, Gloria Jean Kvetko, co-owner.

Ed Kvetko makes transitions with apparent ease. He's shifted from gourmet coffee aficionado (he drinks 12 to 15 cups a day) to co-owner (with his wife) of a thriving coffee bean shop and has transferred the energies of his custom home building company to custom building many of the chain's shops that are now being franchised across the nation.

The Kvetkos started Gloria Jean's with one shop in quaint Long Grove, Ill., in 1979. That set the precedent for stores that followed. Each offers 40-plus varieties of premium coffee beans, 12 to 15 varieties of tea and beverage-related gifts.

Most shops are located in regional shopping malls and occupy 700 to 800 square feet. Seating is limited, but some franchisees choose to include espresso bars and pastry counters.

Franchising started in 1986 with the 11th store. The company now encompasses 31 franchised units, 10 company-owned. The franchise fee is $17,500, royalties 6%. Look for 60 to 75 new franchised units to go up annually for the next five years.

1987 GROWTH CHAINS

DINERS

Funky but oh-so-chic: Diners offer calamari and crab to those who turn up noses at meat loaf and mashed potatoes. Real chefs instead of short-order cooks man the kitchens, but wise-cracking waitresses rule the front of the house.

LITTLE GUY HAS BIG DREAMS

J.B.'s Deluxe Diner, Dallas. Projected 1987 sales: $450,000. 5 units 1/1/88. Jack Benjamin Ingber, CEO.

At nine months old, Jack Benjamin Ingber is probably the youngest CEO in Growth Chain history. "But he's definitely the boss," says his father, Douglas Ingber. "When he yells, we jump."

According to Papa Ingber, a chef who spent much of his life in New York, the idea for J.B.'s diner was born long before its namesake. "Texas was in need of a good diner. This state has had its problems for bankers, real estate developers and oilmen for some time now. We figured a diner was just the place to provide food and comfort to the ever-increasing groups of down and outers."

J.B.'s looks like a traditional diner. The food ranges from typical diner meat loaf to calamari.

Expansion plans call for 20 more diners in 1988 and 15 more in 1989.

SHAKIN' IN THE VALLEY

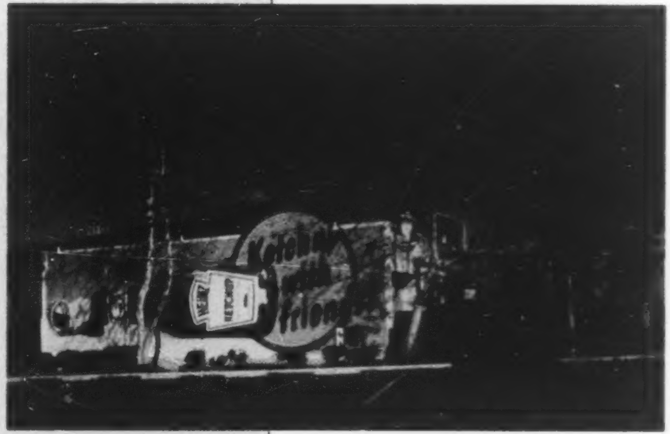
California Earthquake Cafe, Mission Valley, Calif. Projected 1987 sales: $1.7MM. 1 unit 1/1/88. Kim Peterson, president.

Here's a switch: They named the diner for the sportswear line, instead of vice versa. According to President Kim Peterson, the owners borrowed the California Earthquake moniker from designer Doug Wilson, whose sportswear lines are sold in major department stores. In keeping with the modern diner approach—which the owners call contemporary deco-style—the diner is turquoise, hot pink and yellow.

Also contemporary is the menu, with selections such as avocado tempura with blue cheese dressing.

The flagship cafe is located in a former Victoria Station restaurant. The company has purchased defunct Victoria Stations in Los Angeles, Orange County, Calif., and Denver for future California Earthquakes.

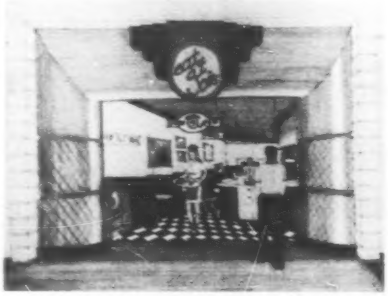
California Earthquake Cafe



MALL-VERSION MALT SHOP

Eat at Joe's Diner, Scottsdale, Ariz. Projected 1987 sales: $3MM. 6 units 1/1/87. Mike Capriola, president.

"We took the essential elements of successful full-service diners and created a down-sized version specifically for food courts and similar areas," says President Michael Capriola.



Eat at Joe's Diner

Stores average 800 to 1,200 square feet and are outfitted with white and black checked floors, neon fixtures, tabletop juke boxes and other '50s memorabilia.

Meal service includes breakfast, lunch and dinner featuring the obligatory meat loaf with mashed potato blue plate special. Lunch checks average $7.50; dinner, $8.

Joe's started franchising this year in Cleveland. Franchise fee is $20,000 with 5% royalties. Company-owned stores are located in Arizona, Ohio, Texas and California. Average unit volume is $1.8 million.

1987 GROWTH CHAINS

LIGHT FARE

After-theater outings and plain old snack attacks provide customers for light-fare chains. Sometimes, the food is the attraction. And sometimes, food acts as a chaser for a glass of wine or mug of beer.

DIPPING THE NIGHT AWAY

The Melting Pot Restaurants, Tampa. Projected 1987 sales: $4.5MM. 16 units 1/1/88. Michael, Bob and Mark Johnston, co-owners.

Fondue, from cheese to white chocolate, is the only entree offered at The Melting Pot Restaurants. Wine sales also are emphasized.

The fondues are prepared with cheese grated fresh every day. Fresh vegetables, bread, fruit, beef, chicken and seafood are available for dipping. Vegetable salads complement the fondue entrees. For dessert, Melting Pot presents its signature item, chocolate fondue with angel food cake, marshmallows and fruit for dipping.

The first unit opened in 1975. Three company-owned units are located in Florida. Franchised restaurants are in Gainesville, Fla., Atlanta, and Raleigh, N.C.

Co-owner Mark Johnston says franchisees in Illinois, Ohio and Michigan have expressed interest in The Melting Pot. Franchise fees are $10,000, with 4% royalties.

Annual sales per unit average $400,000. Each unit seats about 100 diners. Checks average $16; alcoholic beverages account for 23% of sales. The company spends about 3% of gross sales on advertising.

The Melting Pot

THE CURTAIN RISES ON MAX'S

Max's Restaurants, San Francisco. Projected 1987 sales: $15MM. 7 units 1/1/88. Dennis Berkowitz, president.

Concept creator Dennis Berkowitz just opened Max's Opera Cafe of Burlingame, the fifth in the Max's group. The restaurant offers traditional deli fare—pastrami, corned beef and barbecue brisket—as well as rotisserie-cooked duck and stuffed chicken. Grilled skirt steak, fillet of fresh petrale, broiled prawns and potted brisket of beef are other noteworthy entrees.

The newest Max's also offers breakfast. Blueberry buckle, bobka, egg-nog corn-flake French toast, and blueberry and banana pancakes round out the breakfast menu of eggs and omelets.

In keeping with the theatrical spirit, singer servers and bartenders entertain nightly with show tunes and arias.

The chain was founded in 1978 with a start-up capital of "pennies," says a Max's spokeswoman. All seven units are company-owned; the company does not plan to franchise the concept.

MORE THAN BAGELS

S. Kinder, Woodridge, Conn. Projected 1987 sales: n/a. 5 units 1/1/88. Murray Lender, chairman; Marvin Lender, vice chairman; Fred Montgomery, president.

The principals' names give it away: This chain used to be Lender's Bagel Bakeries. The name change came along with the concept change, which transformed the deli-like restaurants into "something between fast food and white tablecloth," according to a company spokesman.

The menu consists of soups, salads, stir-fry dishes, fruit and yogurt, in addition to 17 varieties of fresh-baked bagels. The light fare appeals to women and families, says the spokesman.

Existing units are located in New York City and Connecticut. The company plans to franchise in the future, but would not release details. Average unit volumes and check averages also remain under wraps.

1987 GROWTH CHAINS

FAMILY DINING

Low prices, menus that offer variety and worry-free decors mark chains that families love to patronize. Small portions for kids and seniors sweeten the deal.

HOME-STYLE PRESIDENT

Johnny Appleseed Restaurants, Fredericksburg, Va. PC: Petlin Hotels. Projected 1987 sales: $9.5MM. 9 units 1/1/88. Peter Watts, president.

President Peter Watts often wears a coffee-sack shirt and a tin-pot hat to demonstrate the down-home feeling of his restaurants. The food and ambiance drive home the point: Ham, steak, chicken and biscuits, and fried catfish are served in an atmosphere reminiscent of a 19th-century farmhouse.

Checks average $3.15 at breakfast, $3.90 at lunch and $9.25 at dinner.

Part of the restaurant is designed to remind patrons of a country store. Private-label jams, jellies, cider, syrups and apple butter account for about $200,000 in annual sales.

The first Johnny Appleseed opened in 1973 in New Market, Va., in conjunction with a Petlin-operated hotel. Additional company-owned stores are located in Fredericksburg, Va., and Bedford, Pa. The two franchised units are in Fredericksburg and Dublin, Va. The company plans to open 10 Johnny Appleseeds next year.

Country-style food and ambiance draw families to Johnny Appleseed restaurants.

The Feed Store: Texas home-style fare to carry out or eat in.

COUNTRY FOOD, CITY-STYLE

The Feed Store, Spring, Texas. Projected 1987 sales: $4.5MM. 5 units 1/1/88. Jan Gustafson, CEO.

"Texas Country Cookin' . . . To Go." At Feed Store restaurants, that means beef dinners served with Texas toast and vegetables, topped potatoes, sandwiches, chicken-fried steak and catfish, bagged for carryout and drive-thru customers. (Salad platters are available for carryout and eat-in customers.) "Younger Friends" can choose one meat and one vegetable for $1.99. Catering meets the needs of customers desiring home-style party fare.

The first Feed Store opened in 1978. All the restaurants are company-owned and are located in the Houston metropolitan area.

Annual sales at the 150-seat restaurants average $800,000. Checks average $5.50 to $5.75.

A CHIP OFF THE OLD SQUARE

Taste of Baker's Square, Matteson, Ill. PC: Vicorp. Projected 1987 sales: n/a. 6 units 1/1/88. Jim Peterson, executive vice president of operations in the Midwest.

The big Baker's Square offers burgers, soups and pasta in addition to pies. Taste of Baker's Square restaurants offer the full line of baked goods, but limits the menu to a few hamburgers (billed as Hamburgers for Grownups), quiches and soups. All food can be packaged for carryout. The restaurants hold a limited number of seats. Bakery sales per unit average $400,000 annually; food sales average $650,000 per year.

The Taste of Baker's Square concept was originally slotted for malls. However, the stores now are being built in what the company calls "a variety of retail settings."

MENUS

R&I DATA

FOOD COST INDEX: MARKET-BASKET TOTAL SECOND HIGHEST IN A YEAR

Market-basket total for October is $110.61, the highest since March when the total was $111.24 and the second highest since a year ago ($117.43). Interim months averaged $105.57. Contributing to the high total this month are large increases in the price of hamburger (at $1.34, its highest in more than 18 months), breaded fish portions, sugar, frozen green beans and french fries.

		% change	
	10/87	9/87	10/86
Hamburger (lb. 85% lean)	$1.34	6	4
Chicken (lb. cut for frying)	.81	-16	-11
N.Y. strip steak (lb./avg.)	4.03	5	5
Bread (Pullman loaf)	.83	6	5
Lettuce (iceberg/head)	.49	-2	-11
French fries (30 lb.)	12.18	8	0
Tomatoes (lb.)	.63	5	21
Milk (gal.)	1.83	-1	5
Eggs (doz.)	.67	3	-8
Peaches (case/#10)	17.24	-5	-7
Peas (case/#10)	10.72	-10	-11
Frozen beans (30 lb.)	18.25	20	12
Ice cream (vanilla/gal.)	3.41	1	6
Butter (lb.)	1.52	-4	—
Cheddar cheese (lb.)	1.64	-4	—
Sugar (100 lb.)	30.44	9	-3
Coffee (lb.)	2.70	3	-13
Breaded fish portions (lb.)	1.88	11	16

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FOOD PRICE UPDATE

The Pendulum Swings Back and Forth on Coffee Prices

Plentiful supplies from Brazil may yield lower coffee prices here in 1988.

Coffee is an integral part of the American dining experience.

Right now coffee prices are stable, and a predicted bumper crop of coffee beans from Brazil may push prices lower. But, not too long ago, things were very different.

In 1985, a severe drought hit the world's major coffee producing country, Brazil. This affected the world supply market prices, even though there are 50 other coffee-producing countries.

As the drought became more prolonged and as the seriousness of the situation (Brazil lost two-thirds of its crop) began to sink in, the market reacted.

The price of green coffee peaked in February 1986. (Foodservice prices remained high until the end of 1986.) Coffee quotas were lifted, allowing other countries to export more coffee, loosening the market.

Now Brazil is expecting a bumper crop. The crop that began to flower in September to produce the crop next spring will be a plentiful supply, according to George Boecklin, president of National Coffee Association, U.S.A. It will be more than the world can absorb, in fact. What does this mean to the restaurateur? If the International Coffee Council agrees to impose new global quotas, then prices may quietly go up, but the effect will not be seriously felt by the foodservice operator. If no quotas are imposed, coffee would be sold off at lower prices.

In other coffee news . . . The results of a survey conducted through the promotion fund of the International Coffee Orangization revealed that in 1987 5% of eating places polled sell coffee for less than 20 cents; 14% price it between 21 and 39 cents; 16% at 40 to 49 cents; 33% at 50 to 59 cents; and 32% sell coffee for 60 cents or more.

—***Kathleen Marshall***

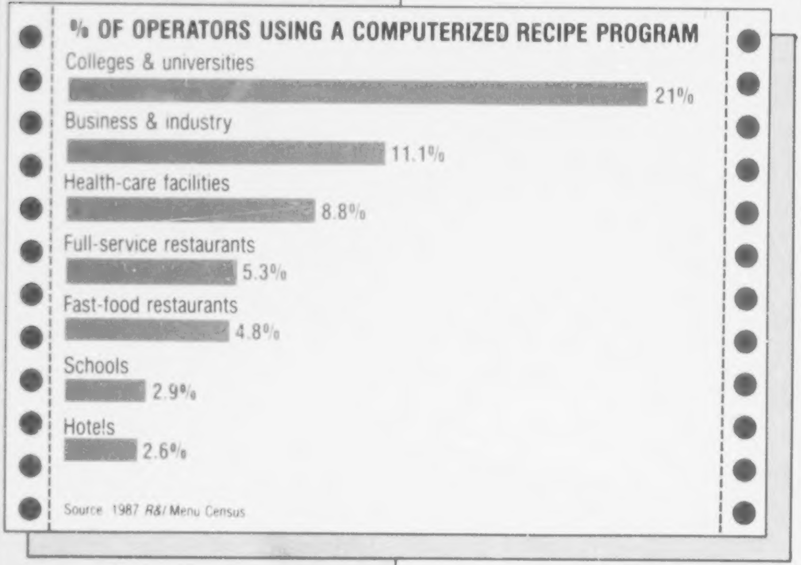
Coffee prices are currently at $2.70 a pound.

6.3% USE RECIPE PROGRAMS

Of the cross-section of foodservice operators responding to the 1987 *R&I* Menu Census questionnaire, only 6.3% answered "yes" when asked if they used a computerized recipe program.

College and university executives were most likely to answer "yes" (21%); hotels came in lowest at 2.6%. Of those using such software, custom or in-house programs were used by 19.1%.

This, of course, does not mean that all respondents saying "no" do not use computer systems, but simply that they are not using them to work with recipes.



Source: 1987 *R&I* Menu Census

COMPUTER CENTER

New Software Offerings Include Low-Cost Packages

More vendors unbundle systems modules; six programs sell for $99.

Everybody knows how competition has forced IBM-PC clone prices to rock-bottom levels. Now the computer wars appear to have spread to the foodservice software arena. The results are lower costs plus the option to choose only those functions that are really necessary out of the many modules that make up a larger system. The operator who wants to test the waters before he dives into full computerization is in luck!

Take the offerings from Compuchef. This vendor lists eight programs: daily sales and food purchases forecast, invoice control, weekly schedule planner, menu worksheet, recipe worksheet/recipe review, daily labor control, break-even analysis, and budget forecast/profit and loss. Of these, the schedule planner, the menu worksheet, the recipe worksheet and the labor control modules are all available for $99.

Another software firm new on the scene is Just Discs, which is advertising MenuWise, a food/recipe costing template for Lotus 1-2-3. Again, the price is less than $100.

And Advanced Analytical/Charter House, a longtime foodservice software house, is offering its Restaurant and Bar Inventory program as a stand-alone module priced at $99. Reports issued by the program include current usage, monthly and quarterly usage, inventory reorder, inventory checklist, sales trend analysis, value of inventory on hand and invoice entry audit trail. The inventory module integrates with other AACH programs, including inventory, menu and cost control; payroll; general ledger; accounts payable; accounts receivable; cash register interfaces; and club accounts receivable.

In other software news, Bass Software Systems has released a PC-sized version of its popular check writing Deluxe Restaurant Payroll System, previously used on mainframes and minicomputers by payroll service bureaus. Priced at $545, the system handles reported/allocated tip situations, multiple jobs, and federal and state taxes. System allows for 50 user-defined job descriptions and 50 user-defined miscellaneous deductions as well as automatic calculation of additions to and use from accumulated vacation and sick pay hours.

Another system of restaurant service bureau software that has been "minified" for in-house use is that offered by Stephenson Financial Service. However, unlike all software mentioned previously in this column, the SFS system does not run under PC-DOS but requires hardware such as the IBM-PC/AT or ATT's PC-6300 running Unix.

SFS modules include sophisticated accounting packages, fixed assets reporting, construction accounting, perpetual inventory, menu modeling and lease management reporting. One popular feature of firm's system is its Report Writer, which makes it easy to completely customize financial statements. **—*Julie Woodman***

For information, see Action Express.

ACTION EXPRESS

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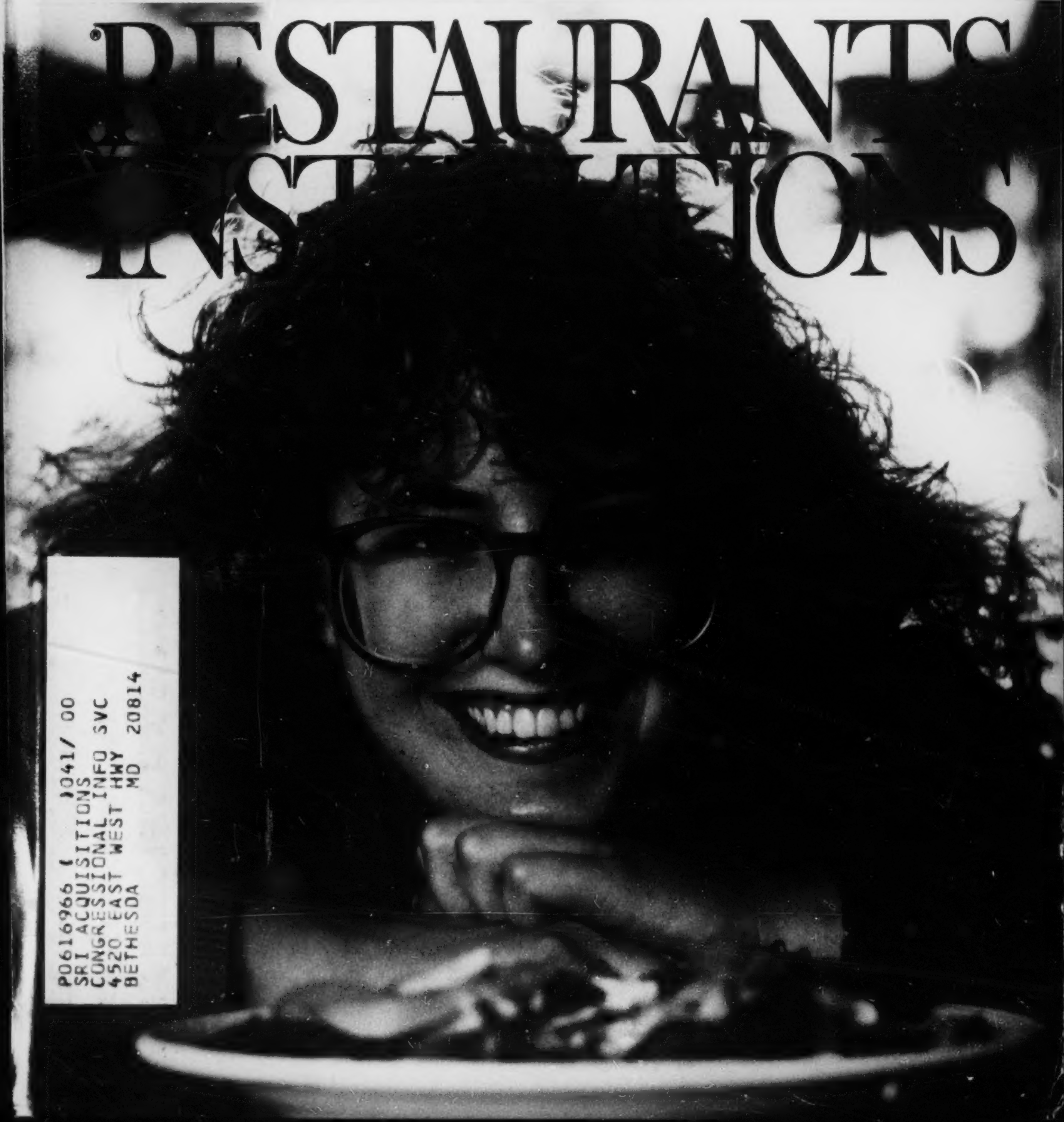

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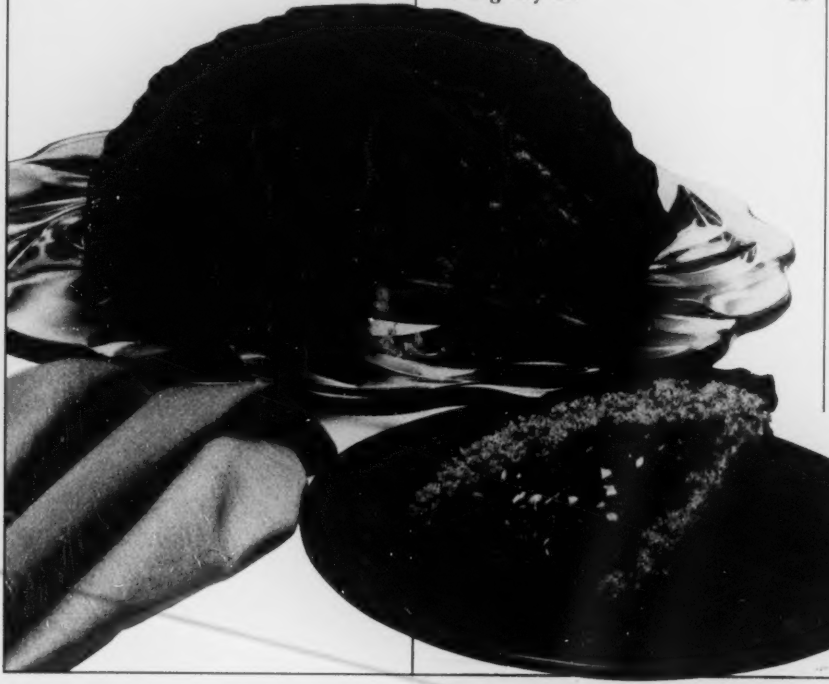


TRACKING ORIENTAL FAST-FOOD GROWTH

Oriental restaurants are capturing a small but growing share of all the visits made to quick-service operations. While many regional chains are struggling, greater acceptance of the concept on the West Coast helps explain the overall segment growth. Quick-service visits captured by Oriental restaurants:

1984	0.7%
1985	0.9%
1986	1.0%
1987	1.2%

Source: GDR/Crest

■ MARKETING

Oriental Fast Food a Mystery

Potential exists, but chains struggle to turn a profit.

Pillsbury is the first to admit it has yet to make a success of Quik Wok. In September, General Mills sold its Minneapolis Leeann Chin units back to the founder and closed the Chicago operations because of disappointing sales.

Why is this last frontier of fast food so hard to conquer? Is the Oriental concept hard to execute in a fast-food environment? Is the public unwilling to accept Oriental fast food?

One thing is sure. The demand is there. Nearly every consumer survey points toward increased interest and demand for Oriental food. But one Chinese fast-food marketing executive questions the frequency factor. While many consumers can eat fast-food hamburgers three or four times a week, how many are inclined to eat moo shoo pork as often?

Another problem for Oriental fast-food operators is competition—the traditional mom-and-pop restaurants. Salaries and overhead are low so the independents can market their products at a lower price. For a sophisticated chain operation to reproduce quality food consistently with a high margin is much more difficult.

"Coming up with consistent quality and operational procedures remains a big problem," says Neal Ostman, formerly the vice president and controller for Quik Wok and now a Dallas accountant.

Wonton Express in San Antonio is meeting sales projections and has aggressive expansion plans.

Educating the customer about the quality of Oriental fast food is another concern. Some now-defunct chains that concentrated more on margin and less on taste have given the segment a bad name.

"Most of our customers think in order to serve Oriental food fast it has already been cooked far in advance and sits in a steam table for a long time, or that it is microwaved," says Harry Karp, another defector from Quik Wok. Karp, now owner of a small San Antonio chain called Wonton Express, says customers can't perceive the product as being fresh.

Convenience will also drive the growth of the segment. When Pillsbury took control of Quik Wok, it learned home delivery was not the answer. The company has shut down delivery units in Texas and Louisiana because they were not generating high enough ticket prices. But Pillsbury is not giving up on the concept and is now concentrating on drive-thru, which is 65% of its business.

In August, Quik Wok introduced its first new product since Pillsbury acquired the concept three years ago. Sales of Chinese fajitas have been encouraging, especially as a drive-thru finger food, and the item is drawing a lot of young customers.

Location, of course, is another key to success. Ostman says, while at Quik Wok, he learned, "If you build in a market where there is already a lot of customer loyalty, you'll run into a fight. We had better success in new suburban areas, in places where people haven't established a preference."

Even with all the concerns, most feel there is a big opportunity to make this segment a success. It is just a matter of engineering the right approach. So far that approach has remained a mystery. ***—J.W.***

LODGING

50 LEADERS IN LODGING

These 50 companies lead the lodging industry in number of rooms. Many are also leaders in the food and beverage arena, feeding hungry travelers not only in their restaurants, but through room service and catering.

- **Thirty percent of the industry's rooms inventories are luxury hotel and resorts, 20% are upscale hotels, 26% are basic, full-service facilities and 24% are economy/limited-service accommodations.**
- **Of the 2.7 million lodging operations in the United States, 35% are priced under $45 a night. Forty percent are priced in the affordable $45 to $85 range.**
- **Laventhol & Horwath estimates that 64% of all current lodging operations—representing 70% to 75% of industry revenues—are affiliated with chains.**

Rank	Organization Headquarters	No. of properties	No. of rooms or beds
1	**Holiday Corp.** Memphis, Tenn.	357,614	1,907
2	**Sheraton Corp.** Boston, Mass.	142,000	508
3	**Ramada Inc.** Phoenix, Ariz.	138,000	575
4	**Hilton Hotels Corp.** Beverly Hills, Calif.	97,535	271
5	**Quality International*** Silver Spring, Md.	95,393	801
6	**Days Inns of America** Atlanta, Ga.	79,000	505
7	**Marriott Corp.** Washington, D.C.	75,277	165
8	**Prime Motor Inns** Fairfield, N.J.	60,000	500
9	**Motel 6*** Santa Barbara, Calif.	45,793	409
10	**Hyatt Hotels Corp.** Chicago, Ill.	45,000	84
11	**AIRCOA** Englewood, Colo.	39,354	175
12	**Inter-Continental Hotels** New York, N.Y.	37,153	98
13	**Hilton International** New York, N.Y.	35,391	90
14	**Westin Hotels & Resorts** Seattle, Wash.	33,147	61
15	**Radisson Hotel Corp.** Minneapolis, Minn.	32,033	129
16	**Econolodges of America*** Charlotte, N.C.	32,000	391
17	**Super 8 Motels Inc.*** Aberdeen, S.D.	25,655	402
18	**La Quinta Motor Inns*** San Antonio, Texas	22,063	176
19	**Red Roof Inns*** Hilliard, Ohio	18,708	164
20	**Hospitality Intl. Inc.** Atlanta, Ga.	18,254	225
21	**Hyatt Intl. Corp.** Chicago, Ill.	15,169	42
22	**Omni Hotels Corp.** Hampton, N.H.	14,389	33
23	**Knights Inns*** Reynoldsburg, Ohio	13,100	118
24	**Servico** West Palm Beach, Fla.	12,489	57
25	**Continental Cos.** Miami, Fla.	11,464	50

*Company has minimal food and beverage operations, or none at all. ©1987 *Hotels & Restaurants International*, a Cahners publication

continued on page 128

LODGING

SMALL PROPERTIES: HOW THEY'RE DOING

■ Since January 1986, occupancies for small properties (defined as those with 15 to 75 rooms) have frequently exceeded those for the total industry. Small operations in the New England region were especially strong, showing a 6.4% increase between April 1986 and April 1987. (These data were gathered by Smith Travel Research for the American Hotel & Motel Association.)

■ Overall, however, small properties were the only industry segment to show a decline during the first four months of 1986 —0.5%, to be exact. Room rates during that time rose 4.7%. Despite the increase, room rates for small properties consistently fall about $15 below those for the total industry.

Rank	Organization Headquarters	No. of properties	No. of rooms or beds
26	**Stouffer Hotels** Solon, Ohio	11,193	28
27	**Pratt Hotel Corp.** Dallas, Texas	10,395	33
28	**United Inns** Memphis, Tenn.	10,211	40
29	**Mariner Corp.** Houston, Texas	8,000	26
30	**Tollman-Hundley Hotels** New York, N.Y.	7,963	32
31	**W.B. Johnson Properties** Atlanta, Ga.	7,163	19
32	**Loews Hotels** New York, N.Y.	6,856	14
33	**Brock Hotel Corp.** Irving, Texas	6,627	40
34	**Helmsley/Harley Hotels** New York, N.Y.	6,550	26
35	**Doubletree Hotels** Phoenix, Ariz.	6,144	23
36	**Affordable Inns*** Mount Vernon, Ill.	5,898	54
37	**Marcus Corp.** Milwaukee, Wis.	5,600	45
38	**Interstate Hotels Corp.** Pittsburgh, Pa.	5,600	18
39	**Friendship Inns Intl.*** North Bergen, N.J.	5,500	142
40	**Bally's Grand Hotels Inc.** Las Vegas, Nev.	5,383	3
41	**Drury Inns*** St. Ann, Mo.	5,345	47
42	**Amfac Resorts/Fred Harvey** Flagstaff, Ariz.	5,208	12
43	**Wyndham Hotels** Dallas, Texas	5,187	19
44	**Registry Hotel Corp.** Dallas, Texas	5,000	16
45	**Shoney's Lodging Inc.** Nashville, Tenn.	4,871	39
46	**Sixpence Inns of America** Santa Ana, Calif.	4,678	39
47	**Management Group Inc.** Chicago, Ill.	4,300	15
48	**Park Inns Intl. Inc.** Irving, Texas	4,288	32
49	**Lincoln Hotel Corp.** Dallas, Texas	3,802	13
50	**Imperial Hotels*** Arlington, Va.	3,800	62

*Company has minimal food and beverage operations, or none at all. ©1987 *Hotels & Restaurants International*, a Cahners publication

RESTAURANTS & INSTITUTIONS

FAST-FOOD SECURITY

One of the restaurant industry's biggest dilemmas: Can open access fast-food units find a secure way to do business?

by Richard Hefter

Fast-food chains call it their biggest crime threat. Statistics show it sneaks up once every 27 minutes nationwide and ends in bloodshed 10% of the time.

Lawsuits reveal staggering damage awards. What is the industry doing to stem this armed robbery liability? In this Special Report, *R&I* puts the magnifying glass to security within the quick-hit-prone fast-food industry. Interviews with insiders reveal what works and what doesn't, and expose where companies are most vulnerable to attack and why. What results is a blueprint for protection, a consummate security plan, to ensure the safety of customers and employees, and, ultimately, the success of business . . . .

In a high-crime neighborhood on Chicago's South Side, an employee at Church's Fried Chicken is seriously injured by gunfire during a holdup despite protective glass casing and warning signs designed to deter robbers. What has gone wrong?

A visit to the store indicates the glass sheathing was not built to resist bullets, but rather to bar thieves from jumping over the counter. Moreover, while signs announce the store's limited cash supply, none warn that clerks cannot open the drop safe, a surprise that may have provoked the attack, according to police.

The incident is not isolated. Throughout the country, fast-food restaurants are making critical omissions in their robbery prevention programs, if indeed they have one. At some chains, such as Church's, the oversights are subtle. At others, they are boldfaced, foregoing fundamentals as simple as skimming cash registers.

"Fast-food restaurants are supposed to have tight money management, but we have lots of evidence from armed robbery that they don't," says Joe Mele, instructor at the National Crime Prevention Institute, Louisville, Ky. "They're storing the cash in offices or letting it build up in registers," he adds, citing a recent $1,000 take at a Fort Lauderdale, Fla., Wendy's where three employees were murdered.

The consequences, in addition to bloodshed, can mean gouging damage claims. A 1984 report by University of Maryland Criminology Professor Larry Sherman, for example, shows that security-related liability verdicts throughout the United States numbered 31 in 1982, up from just one in 1958. The average major award increased from $20,000 to more than $1 million during the same period.

As liability applies to the fast-food industry, Marriott Corp., Wash-

FAST-FOOD SECURITY

BULLET RESISTANT ENCLOSURE. Complete with transaction windows using a revolving platter, this virtually disarms the robber. Price: $6,000.

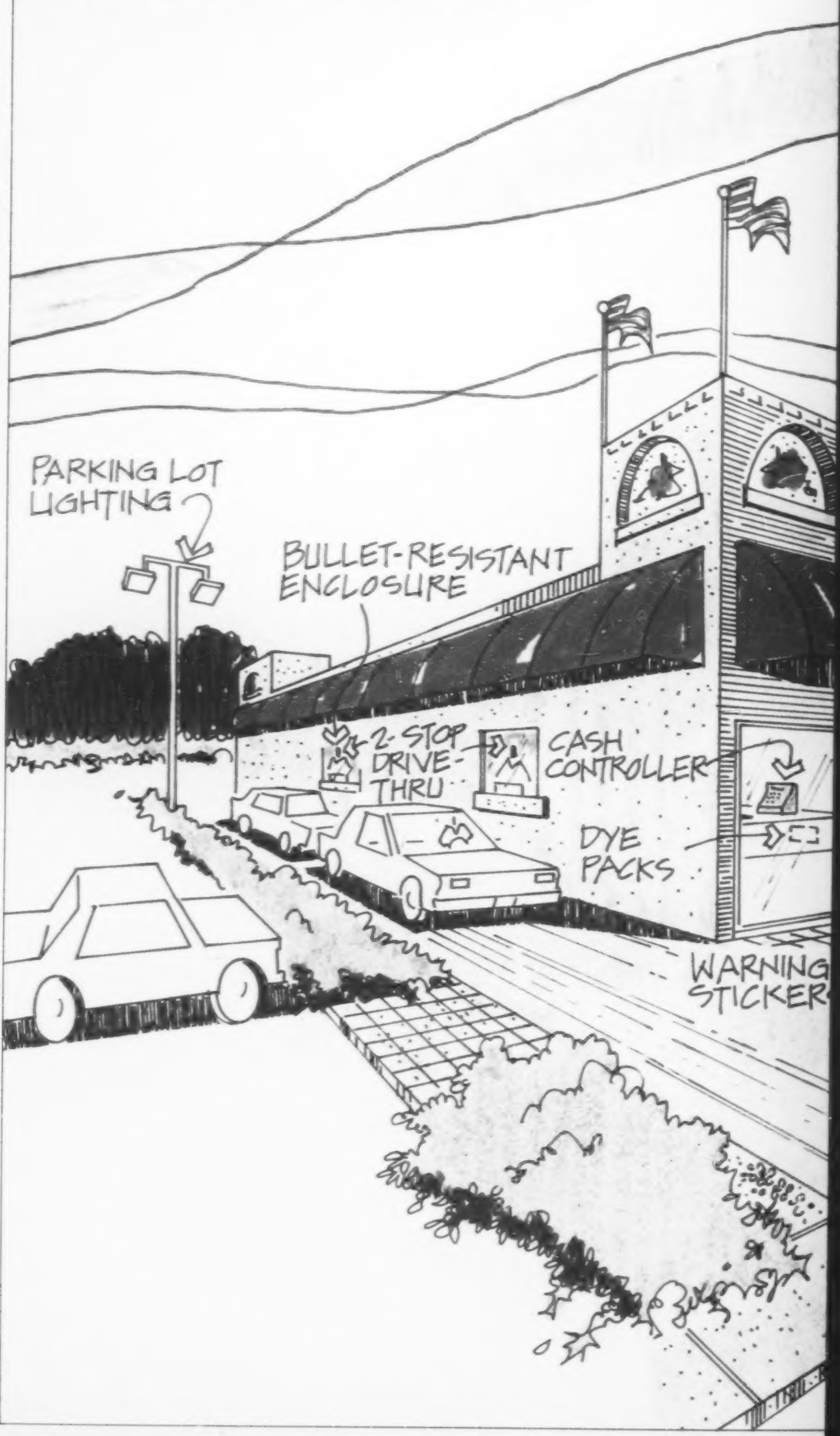
BUZZER/MAGNETIC LOCKS. The ability to activate door locks from behind the counter controls entrance into store and bathroom and immediately seals the building in case of robbery. Price: $300 to $500.

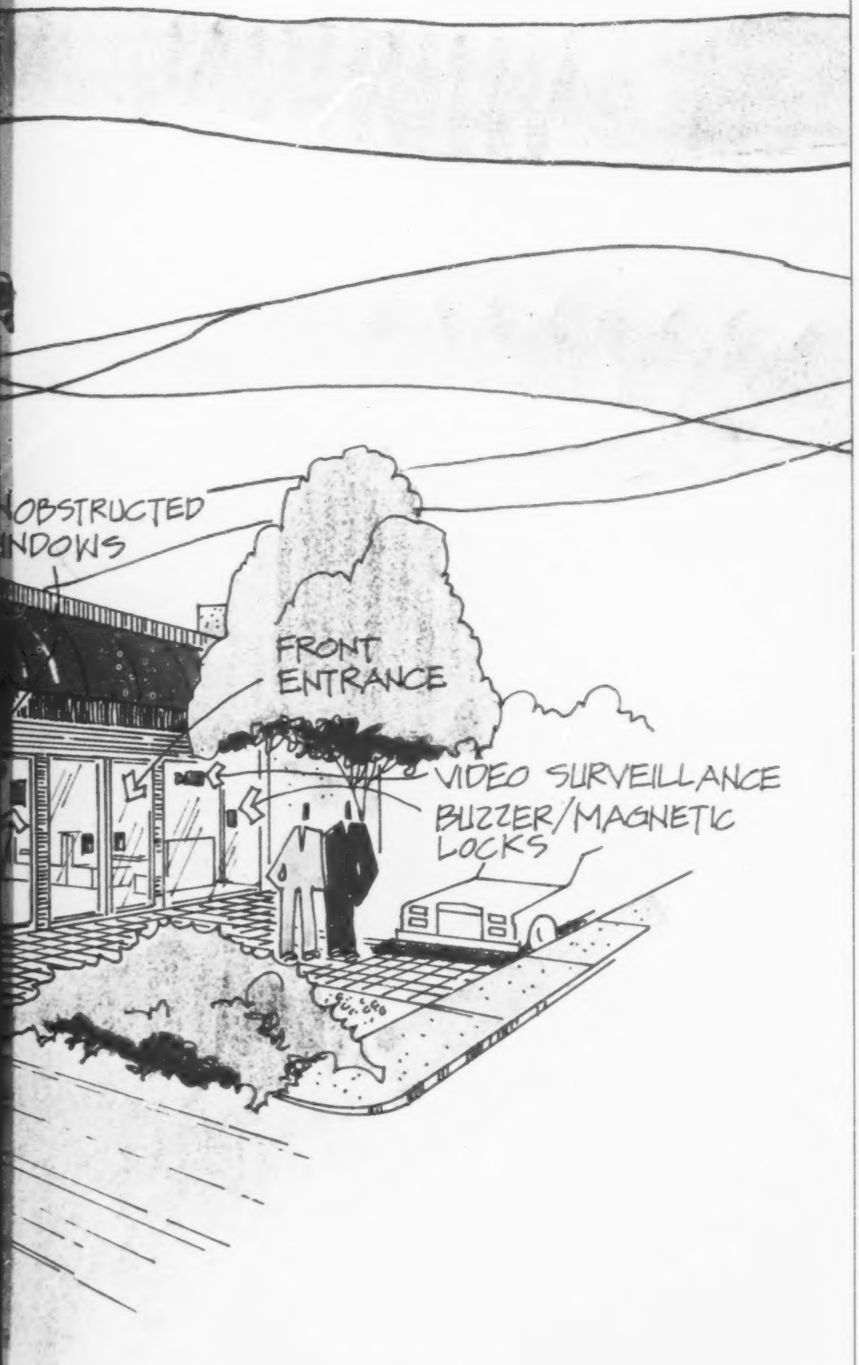
CASH DISPENSER. Various equipment is available to safeguard receipts while dispensing change for operation. Price: $10,000 for drawerless register/safe; $2,000 for money vending machine; $1,500 for time-delay drop-safe. (Cash register extra for last two.)

DYE PACKS. Time-delay, exploding money calls attention to robber when fleeing the store and renders stolen money useless. Price: $3,000 for three packs and transmitting equipment at three exits.

FRONT ENTRANCE. Limiting egress to the front of the building calls attention to escapes.

SECURITY LAYOUT


PARKING LOT LIGHTING
BULLET-RESISTANT ENCLOSURE
2-STOP DRIVE-THRU
CASH CONTROLLER
DYE PACKS
WARNING
STICKER



PARKING LOT LIGHTING. **Good illumination deters night attacks. Price: $200 for 400-watt, high-pressure sodium bulb and housing.**

TWO-STOP DRIVE-THRU. **Using the first window for money transaction slows escape in case of holdup.**

UNOBSTRUCTED WINDOWS. **This, coupled with registers at the front, makes holdups conspicuous to the outside.**

VIDEO SURVEILLANCE. **Cameras and monitors serve as a psychological deterrent and aid in apprehensions. Price: $4,000 to $5,000 for three cameras, recorder and monitor. Add $1,500 to $2,000 for door contacts, motion detectors, fire sensors and silent alarm.**

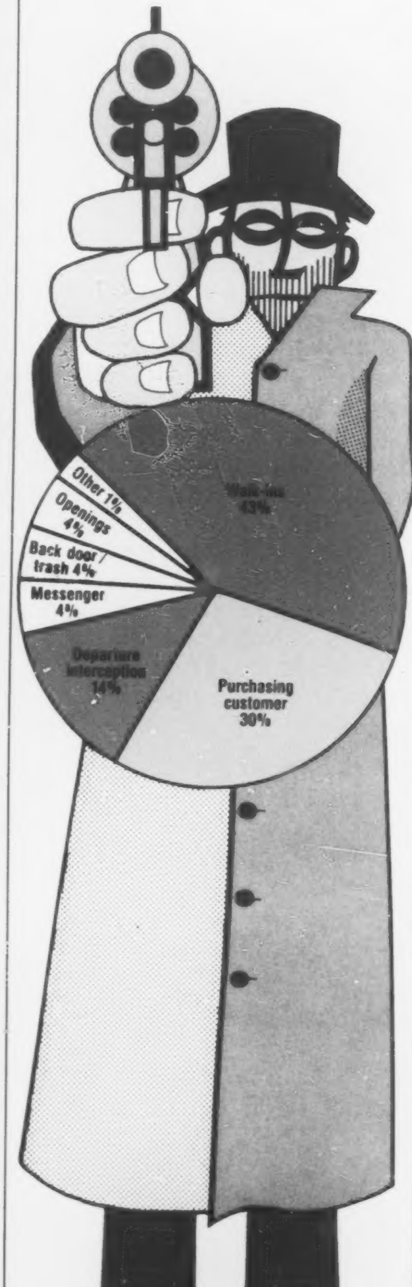
WARNING STICKERS. **Spelling out risks deters crime and avoids mid-robbery surprises that can lead to violence. (Note: Add height measurement charts at exits to aid in suspect descriptions to police.)**

FAST-FOOD SECURITY

HOLD THE SANDWICH

Over-the-counter hits account for almost three-fourths of Long John Silver's robberies. Drive-thru holdups make up less than 1%.

(Method of robbery)



Source: Jerrico Inc., Lexington, Ky.

Security and marketing goals are often at odds; banners covering windows can conceal robbers.

ington, D.C., is one of the latest defendants, currently embroiled in a damage suit seeking more than $1 million following the stabbing death of a Roy Rogers employee. The suit charges negligence in allegedly not informing employees of prior robberies and not taking appropriate countermeasures.

Sometimes, decision-making by security laymen is to blame, according to Ralph Gillespie, sales manager for a Michigan-based manufacturer of bullet-resistant enclosures. In at least one instance, Gillespie notes that a fast-food chain's marketing department was charged with specifying security solutions. "The end result was totally ineffective," he says.

Where a corporate security department exists—many established in only the past few years—marketing still flexes its muscles and interests collide. Often, for example, merchandising signs cover windows that the security department wants clear to make robbers visible from the outside. Or, image-conscious marketing executives interpret security alerts as negative. The result is a loss-prevention program that looks like Swiss cheese.

"You find companies doing one thing or another, (but) all are just parts of the total program," acknowledges Frank McAvoy, former security chief at Church's, now director of corporate loss prevention for Cracker Barrel Old Country Stores Inc., Lebanon, Tenn.

The Southland example

Just what is the "total" robbery prevention program and who has it? McAvoy and others, while allowing for store-specific flexibility, point to Southland Corp. as the model. In fact, many security professionals in the fast-food industry are "graduates" of Southland's program, according to McAvoy, himself a former security manager there.

In 1975, the Dallas-based company began turning around a rampaging robbery problem at its 7-Eleven stores that saw incidents rise 137% in just four years. Adopting recommendations from a study that interviewed ex-convicts, the company reduced robberies by 60% during the next decade, despite added stores and soaring national crime rates. Moreover, injuries and security-related liability lawsuits declined, while suits proliferated nationally.

Southland's four-pronged approach includes:

■ Limited operating cash. Robbers indicate that a target's attractiveness diminishes proportionally to the money available. As the booty drops from $200 to $30, interest falls from 100% of those surveyed to just 15%, according to Bud Crow, advisor at Athena Research Corp., Wilson, Wyo., and co-author of the Southland study.

Accordingly, as Lloyd Scott, Southland's corporate security manager, explains, policy requires that clerks keep less than $50 in the till during the day, $30 at night. All excess receipts and any bills over $10 ($5 at night) are stored in a type of time-delay safe. "We find the big bills are an attraction to the potential robber who usually cases the store first to see how much we have," Scott says.

The safe is located near the counter and designed with a drop slot for clerks to conveniently insert large denominations. Unique, it dispenses canisters of coins or bills like a vending machine, except at a rate of one every several minutes. "It's quick enough to keep operations smooth, slow enough to deter the time-constrained robber," Scott says.

■ Advertise security measures. Supporting these controls are signs that spell out risks to robbers and help avoid surprises that can stir violence. "We operate the stores under the premise that there are no secrets," Scott says. Explains Crow: "A security measure will only prevent crime if the criminal knows it's there." He adds that in a high turnover business, secrets are difficult to keep anyway.

■ Put the would-be robber on stage. Crow's research found that anonymity is the third most important concern to robbers considering whether or not to steal. Risks are higher if the holdup point is within plain view of the street.

In response, Southland moved its 7-Eleven registers up front near large, clear, ceiling-high windows, according

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FAST-FOOD SECURITY

BITING FROM THE HAND

The estimate ranges from a third to one half. That's the portion of robberies in which employees or ex-hires are in cahoots with the bad guy, according to fast-food industry security managers.

Sometimes it is full-blown collusion, other times it is sharing of information. But one thing is clear. Young, high-turnover, neighborhood workers bite from the same hand that feeds them.

"We're keying heavily on employee screening because of that," says Jerrico's Francis D'Addario. "We're putting a priority on hiring employees with verifiable references, both hourlies and managers."

Some red flags on employment applications:

★ References not professionally related.

★ Addresses fictitious. (Use old telephone directories and the county clerk's office.)

★ Applicant skips portion asking if convicted of a crime.

★ Dates conflict or intervals between employment are unexplained.

★ Application not signed.

★ Social Security prefix—which identifies state of issuance—doesn't match the state where applicant claims to reside.

Posted warnings of security measures, such as time-delay safes, are proven crime deterrents.

to Scott. Engineers are directed to plan for balanced lighting that allows visibility looking outside and in at night, he adds.

Employees, too, participate in the stage concept by being attentive to customers. This not only deters identification-conscious thieves, it appeals to honest clients, according to Scott. Adds Francis D'Addario, another Southland graduate and present director of security at Jerrico Inc., Lexington, Ky.-based operators of Long John Silver's Seafood Shoppes: "When you build sales, particularly late night when robbers thrive on empty stores, you also boost prevention."

■ Protect people over property. If robbery prevention fails, clerks are trained on the principle of avoiding injury at all costs. Policy, strictly enforced, dictates that employees cooperate fully with robbers, as resistance accounts for four in five commercial robbery killings, according to Crow.

On one recent occasion, a clerk at a Fort Worth, Texas, 7-Eleven ran out to get the license plate number of a getaway car and was assaulted. A few days later he got word that he was fired for violating corporate policy.

Restaurant response

While the fast-food industry applauds these security measures, it is not quick to adopt them in full. In the crucial area of cash control, for example, few companies appear to use drop safes, leaving large bills in the cash register. Of a dozen chains visited in Chicago's top robbery districts, just four demonstrated they keep $20 bills out of the till.

At several, signs warned of "Drop Safe in Use," not indicating if the safe is the time-delay type that clerks cannot open. Some aren't. Baskin Robbins USA, for instance, uses a drop box without the delayed lock, according to Don Roberts, director of loss prevention at the Glendale, Calif.-based ice cream chain. The difference is compactness and price that is less than half the $1,500 time-delay safe. "It's some-

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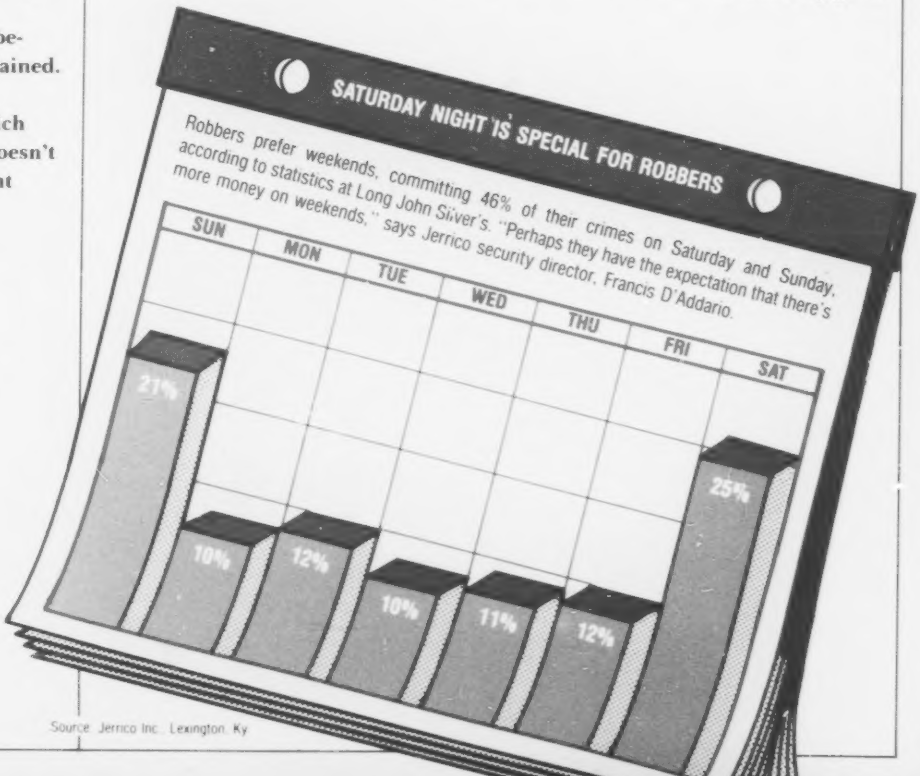
SATURDAY NIGHT IS SPECIAL FOR ROBBERS

Robbers prefer weekends, committing 46% of their crimes on Saturday and Sunday, according to statistics at Long John Silver's. "Perhaps they have the expectation that there's more money on weekends," says Jerrico security director, Francis D'Addario.

Source: Jerrico Inc., Lexington, Ky.

FAST-FOOD SECURITY

'FREEBIES' FOR CLOSING AND CASH TRANSFERS

Robbers don't limit themselves to store hours or even store property. They frequently hit at closing and occasionally during runs to the bank. Joe Mele, instructor at the National Crime Prevention Institute, Louisville, Ky., offers these suggestions.

At closing:

One employee should go outside and keep watch of the premises, remaining in a car until the others have cleaned up and gone. That way, there are people both inside and out to call for help should there be an attack.

"We've had cases where they all leave together and someone sticks a gun in an ear and herds them all inside and robs the safe," Mele says.

When transferring money to the bank:

★ Vary time of deposit by at least an hour.

★ Disguise the deposit in something other than a big bank bag.

★ Vary the route to the bank.

★ Take someone with you.

★ If you drive, vary the vehicle.

"These are 'freebies,'" Mele emphasizes. "They don't cost you a cent."

Pursuit of profits instead of concern for customers is frowned upon by juries.

thing I don't have any control over," Roberts says.

Nevertheless, the company has pioneered a unique cash register that is drawerless, denying access to even operating cash. An employee deposits customers' cash, and the machine automatically returns the correct change. Still cost-restrictive at $10,000, the unit, sold through a Baskin Robbins subsidiary, has helped several franchises eliminate losses.

Where chains cannot be observed dropping large bills, they may still periodically be skimming the registers and depositing receipts in a central safe. This can be effective if the till cash does not accumulate and the safe lock is either time-delay or controlled by an armored car service, according to George Ralph, national director of protective services, Domino's Pizza, Ann Arbor, Mich. Evidence: Domino's reduced robberies from 58 to five between two 10-month periods at 42 selected stores.

Visits also revealed that many fast-food restaurants fail to heed Southland's model for store layout. Understandably, higher volume sit-down stores tend to locate register counters towards the back to accommodate added seating. But some go as far as designing obscure side entrances that facilitate discreet escape. They downsize and tint windows or otherwise block them with large merchandising banners. And they install decorative walls and plants that conceal the transaction area, inviting low-profile-conscious robbers.

Defending such decor at Wendy's, Wayne Isaacs, director of assets protection, says: "You could design a restaurant similar to Fort Knox and always control robbery. But could you make it profitable?"

Professor Sherman, also editor of Washington, D.C.-based Security Law Newsletter, says juries frown upon such reasoning. He cited a case outside of the fast-food industry where a Texas jury awarded $100,000 in damages against a firm that managed a garage where a woman was robbed. The court stated the company, in neglecting to hire a garage attendant at night, demonstrated "an overriding concern with revenue, as distinguished from customer safety."

Indeed, failure to provide "reasonable care" leading to the injury of guests, no matter the tax on profits, is

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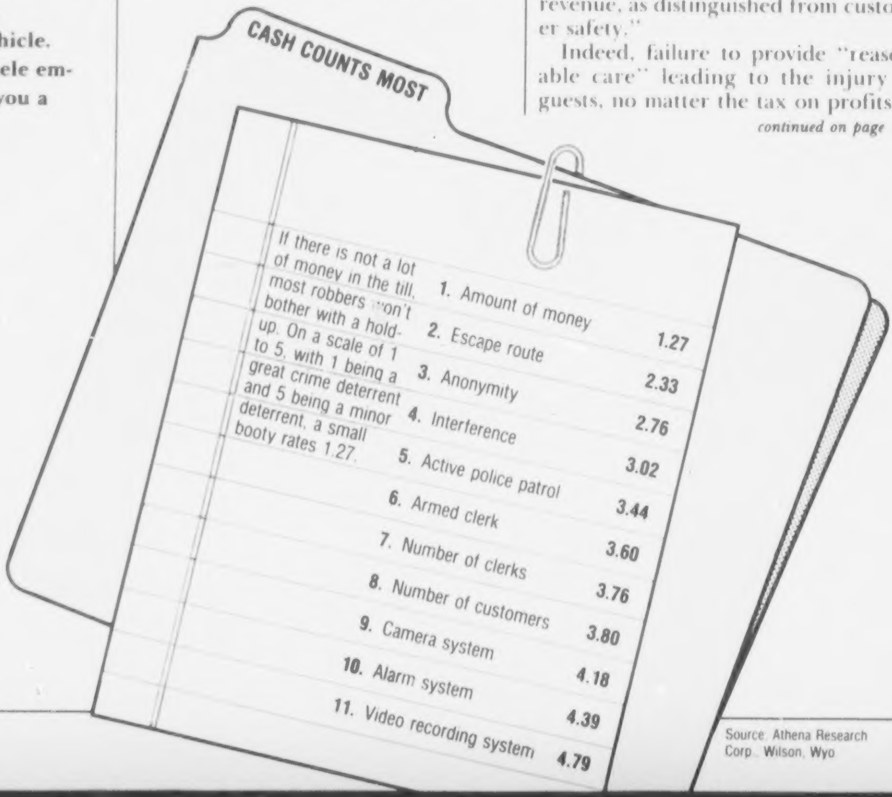


CASH COUNTS MOST

If there is not a lot of money in the till, most robbers won't bother with a hold-up. On a scale of 1 to 5, with 1 being a great crime deterrent and 5 being a minor deterrent, a small booty rates 1.27.

1. Amount of money	1.27
2. Escape route	2.33
3. Anonymity	2.76
4. Interference	3.02
5. Active police patrol	3.44
6. Armed clerk	3.60
7. Number of clerks	3.76
8. Number of customers	3.80
9. Camera system	4.18
10. Alarm system	4.39
11. Video recording system	4.79

Source: Athena Research Corp., Wilson, Wyo.

FAST-FOOD SECURITY

Security is an art; the tools of the trade include safes, cameras, alarms and dye-rigged cash.

reason enough to convict defendants in a damage suit, according to Anthony Marshall, attorney and dean of Florida International University's School of Hospitality Management. "Reasonable care," he says, means foreseeing crimes and instituting documented measures that a jury, hearing expert witnesses on both sides, deems standard by the industry.

In the final category—robbery response —visits by a reporter cannot determine how fast-food employees are performing, but at least one chain recently was caught off guard. Church's is fighting a $200,000 lawsuit over alleged employee actions during a robbery-turned-assault at a Charlotte, N.C., store. Victims charge that the clerk, while being held up, called out to a departing customer to phone the police, prompting the robbers to attack.

Security an "art"

As the fast-food industry tackles the armed robbery and related liability problems, it also needs to consider approaches that supplement the Southland model. Cases exist where even the best cash controls, the most advertised security alerts, the ultimate layout and most comprehensive training fall short.

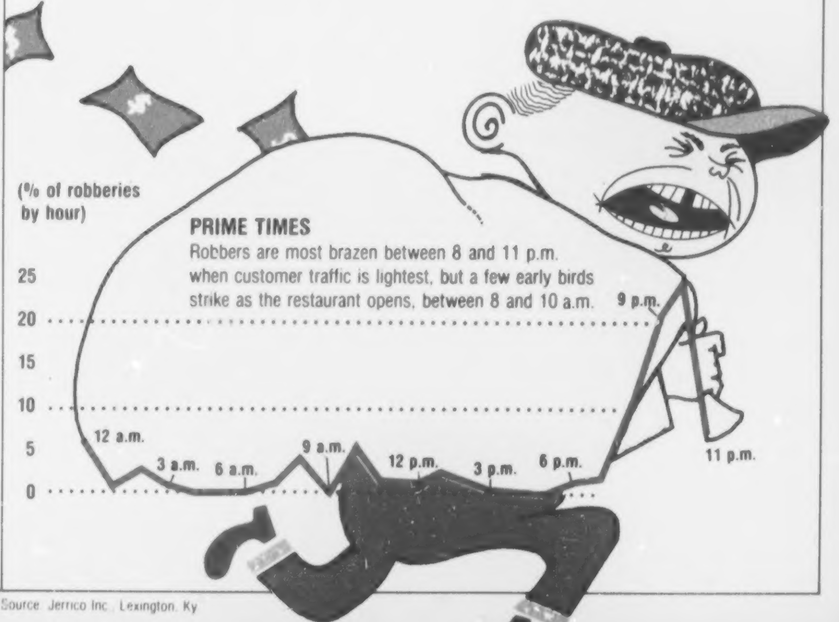
As D'Addario explains: "Loss prevention is not a science, but an art. Be flexible." In-house or police surveys of stores, plus hotlines for reporting incidents to headquarters help stay abreast of crime dynamics, he says.

For example, many armed robberies are drug-related, and, as fixes cheapen, as seen with "crack," junkies might accept dollar grabs under reasonable operating levels. "If you're in an area where $15 in the till is all it takes to be hit, at that point you better examine other responses, like closed circuit television (CCTV)," McAvoy adviss.

Adds Ken Grover, director of security for foodservice management at Marriott: "The majority of robberies can be prevented without equipment, but if there's a history of repeated robberies, then you have to resort to things like dye packs."

Dye packs—electronic devices hidden inside wads of bills—explode when activated by transmitters at exits, rendering the money useless and calling attention to the getaway. Like CCTV, they are part of a pantheon of sophisticated countermeasures that include magnetic door locks, bullet-resistant enclosures and silent alarms.

Success stories with these added measures are impressive. McAvoy reports that at Church's units with the enclo-



PRIME TIMES

Robbers are most brazen between 8 and 11 p.m. when customer traffic is lightest, but a few early birds strike as the restaurant opens, between 8 and 10 a.m.

Source: Jerrico Inc., Lexington, Ky

MAKING IT THROUGH

A clerk who resists or otherwise arouses a robber is 49 times more likely to be killed than one who cooperates, according to Bud Crow, advisor at Athena Research Corp., Wilson, Wyo. Crow, who holds a doctorate degree in social psychology, offers these tips for surviving a robbery:

★ Don't delay. The longer it takes the more nervous the robber.

★ Don't fight back, not even with a weapon. "Weapons can endanger yourself, passers-by and even the robber who may not warrant the death penalty."

★ Warn of any surprises. "If someone is in back, or expected soon, or if you must reach or move in any way, tell the robber what to expect, so he won't be startled into shooting."

★ Offer to lie down. This may solve the robber's problem of what to do with you after the heist (such as tying you up or knocking you down).

★ Don't chase or follow. Robbers shoot at pursuers.

Beyond these instructions, Crow advises training employees mentally to control the adrenalin flow and involuntary movement that occurs during a robbery. The Post-Traumatic Treatment Center in Aurora, Colo., offers advice and referral on such training.

As for violence that ensues despite these measures (and despite signs announcing time-delay safes): "The robbers I interviewed were just as bewildered by these few senseless killings as we lay people are," Crow says.

FAST-FOOD SECURITY

WHERE THE MONEY IS

Lambasting cash control in the fast-food industry, one loss prevention specialist told *R&I:* "Robbers sometimes milk more out of the restaurants than they do from banks."

To see for itself, *R&I* obtained last year's robbery records from 10 fast-food chains from Chicago police under the Freedom of Information Act.

Losses were not suprising. Average heists ranged from $171 to $1,452, with the median at about $350, and the high at $5,400. Baskin Robbins and Kentucky Fried Chicken ranked best, Arby's and Wendy's the hardest hit.

Statistics are conservative, according to police, because stores tend to underreport to keep high loss figures out of the newspapers. For example, about one in six loss figures quoted $0. Other statistics~~: Six per~~cent indicated someone had been hurt during the robbery. Injuries were reported only at Baskin Robbins, Kentucky Fried Chicken and McDonald's, where people were hurt in one in five robberies.

The remaining chains in the survey were Taco Bell, Church's, Popeyes, Burger King and Brown's.

Robbery often costs a fast-food operator more than money; a tarnished image may result.

sures robberies fell from 56 to just three at a handful of hard-hit Detroit stores between two 10-month periods. Long John Silver's reduced robbery losses 79% in one year by installing time-delay safes and holdup alarms at selected stores in Houston.

"You're not only creating a situation that makes the robber wait for the big money, you're adding the technology to send a silent signal that a robbery is in progress," D'Addario says.

Security specialists urge that employees be properly trained to use and manage equipment and that decision-makers invest carefully. As the Church's shooting incident in Chicago illustrates, equipment investments can backfire. Warns McAvoy: "Enclosures that are not bullet-resistant, used as jump barriers, are completely useless—positively dangerous—if your purpose is to stop armed robberies."

In another example at which security experts shudder, Jiffy Mart gas and convenience stores in New Orleans use magnetic locks on exit doors to keep thieves from escaping, according to John d'Hemecourt, president of U.S. Gas Corp., the mart owners. Clerks, spotting theft from behind protective glass, activate the locks and call police.

Crime prevention instructor Mele cautions that this approach can invite violence. "You want to lock them out, not in." The purpose, he says, is to keep robbers—fleeing police—from re-entering the store and taking hostages.

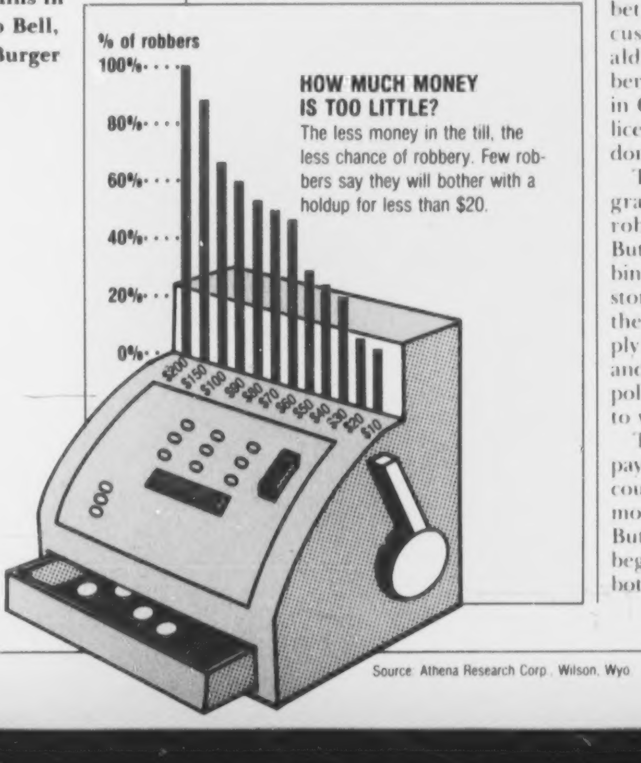
Caveats extend to CCTV cameras and monitors, which serve as psychological deterrents and aid in apprehensions. Crow points to common shortcuts, such as installing fake cameras, which robbers can detect. "They learn from employees who intentionally or inadvertently spill the store's secrets," he says.

One supplemental countermeasure that is not equipment-related is use of armed guards, which the Southland school tries to avoid. Scott says 7-Eleven employs them at only one store primarily to control a shoplifting and loitering problem. Indeed, the practice is rare, as visits in Chicago found it at only one chain, McDonald's.

While attorney Marshall says he recommends guards—minus the gun—only to stem parking lot liability. Adds McAvoy: "They get you in a whole lot more trouble than they get you out of." For example, Pizza Hut was socked for $500,000 in damages after a shootout between robbers and a guard left one customer dead. Incidentally, McDonald's had the highest injury-per-robbery rate (20%) of 10 fast-food chains in Chicago in 1986—statistics that police furnished to *R&I* under the Freedom of Information Act.

There is no absolute security program, no guaranteed defense against robberies, injuries and damage suits. But lessons can be learned. And a combination of the Southland model plus store-specific adjustments can increase the success rate. D'Addario puts it simply: "Spot the vulnerability lest robbers and victims do it for you. Then apply policies and hardware that have proven to work."

The investment may not appear to pay off immediately. In fact, security countermeasures can cost substantially more than the initial robbery loss itself. But as Crow notes: "When robberies begin to tarnish your image, then the bottom line becomes clear."



HOW MUCH MONEY IS TOO LITTLE?
The less money in the till, the less chance of robbery. Few robbers say they will bother with a holdup for less than $20.

Source: Athena Research Corp., Wilson, Wyo.

ACTION EXPRESS

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